



**DEPARTMENT OF DEFENSE
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:)	
)	
)	ISCR Case No. 14-07039
)	
Applicant for Security Clearance)	

Appearances

For Government: Gina L. Marine, Esq., Department Counsel
For Applicant: *Pro se*

02/22/2016

Decision

LOUGHRAN, Edward W., Administrative Judge:

Applicant mitigated the financial considerations security concerns. Eligibility for access to classified information is granted.

Statement of the Case

On August 3, 2015, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F, financial considerations. The action was taken under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) implemented by the DOD on September 1, 2006.

Applicant responded to the SOR on August 24, 2015, and elected to have the case decided on the written record in lieu of a hearing. The Government's written case was submitted on September 21, 2015. A complete copy of the file of relevant material (FORM) was provided to Applicant, who was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns. Applicant

received the FORM on September 29, 2015. He responded with a letter and a document that I have marked Applicant's Exhibits (Ex) A and B. The case was assigned to me on November 5, 2016. The Government exhibits included in the FORM and AE A and B are admitted in evidence without objection.

Findings of Fact

Applicant is a 32-year-old employee of a defense contractor. He has worked for his current employer since 2007. He served in the U.S. military reserve from 2002 until he was honorably discharged in 2009. He has a bachelor's degree. As of 2013, when he submitted his Questionnaire for National Security Positions (SF 86), he had not married, and he had no children.¹

The SOR alleges fourteen delinquent student loans totaling about \$58,824, three miscellaneous delinquent debts totaling about \$2,281, and that Applicant did not "file and/or pay, as required, [his] federal tax returns for tax years 2009 and 2010."

Applicant admitted all the student-loan SOR allegations, but it appears that several of the accounts are duplicates. The most accurate figure appears to be the eight delinquent student loans totaling \$30,661, as listed by Experian on the January 2013 combined credit report. In July 2009, the U.S. Department of Education began garnishing \$227 from Applicant's wages every two weeks. The balance due on his student loans at that time was \$45,634. As of December 2010, the balance had been reduced to \$41,133. As of August 2015, the balance had been reduced to \$22,331.²

In August 2015, Applicant accepted an offer from the creditor identified in SOR ¶ 1.f to settle a \$1,181 debt (alleged in the SOR and listed in the credit reports as a \$1,558 debt) for \$1,103, payable through a \$200 payment, followed by four monthly \$225 payments. As of October 2015, when he responded to the FORM, Applicant had made the first three payments. He paid the \$200 delinquent debt alleged in SOR ¶ 1.g in August 2015. He paid the \$523 delinquent debt alleged in SOR ¶ 1.h in October 2015.³

Applicant admitted that he did not pay his 2009 and 2010 federal income taxes when they were due, but there is no evidence that he failed to file his returns in a timely manner. Applicant listed on his 2013 SF 86 that he owed the IRS about \$2,800 for the two tax years. He submitted documentation from the IRS that his 2009 and 2010 taxes are paid in full.⁴

¹ Items 3, 4.

² Items 2-7; AE A.

³ Items 2-7; AE A, B.

⁴ Items 2-4; AE A.

Applicant admitted that his financial problems resulted from being “young and dumb,” but he has been working on resolving them for several years. He paid debts that were not alleged in the SOR. He is using the “snowball” method of addressing his finances by paying his smaller debts first, and then moving on to his larger debts. His student loans have been paid by garnishment since 2009. Once his last debt is paid, he plans on voluntarily paying an additional amount to get his student loans out of default status.⁵

Policies

When evaluating an applicant’s suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant’s eligibility for access to classified information.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines in conjunction with the factors listed in the adjudicative process. The administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), the entire process is a conscientious scrutiny of a number of variables known as the “whole-person concept.” The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that “[a]ny doubt concerning personnel being considered for access to classified information will be resolved in favor of national security.”

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, the applicant is responsible for presenting “witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by the applicant or proven by Department Counsel.” The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

⁵ Items 2-7.

Section 7 of EO 10865 provides that adverse decisions shall be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See *also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F, Financial Considerations

The security concern for financial considerations is set out in AG ¶ 18:

Failure or inability to live within one’s means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual’s reliability, trustworthiness and ability to protect classified information. An individual who is financially overextended is at risk of having to engage in illegal acts to generate funds.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable in this case:

- (a) inability or unwillingness to satisfy debts;
- (c) a history of not meeting financial obligations; and
- (g) failure to file annual Federal, state, or local income tax returns as required or the fraudulent filing of the same.

Applicant had delinquent debts that he was unable or unwilling to pay. The evidence is sufficient to raise AG ¶¶ 19(a) and 19(c) as disqualifying conditions. There is no evidence that Applicant failed to file his 2009 and 2010 federal income taxes when they were due. AG ¶ 19(g) is not applicable.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

- (a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual’s current reliability, trustworthiness, or good judgment;
- (c) the person has received or is receiving counseling for the problem and/or there are clear indications that the problem is being resolved or is under control; and

(d) the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.

Applicant paid his 2009 and 2010 federal taxes. He has been paying his student loans through garnishment since 2009, reducing the amount owed from \$45,634 to \$22,331. He paid two of the remaining three debts and paid three of the five payments due on the last debt by the time he responded to the FORM. He also paid debts that were not alleged in the SOR. He plans on voluntarily increasing his student loan payments once his last debt is paid.

I find that Applicant established a plan to resolve his financial problems, and he took significant action to implement that plan. He made a good-faith effort to pay his debts. There are clear indications that his financial problems are being resolved and are under control. They occurred under circumstances that are unlikely to recur and do not cast doubt on his current reliability, trustworthiness, and good judgment. AG ¶¶ 20(c) and 20(d) are applicable. AG ¶ 20(a) is not yet completely applicable because Applicant is still in the process of paying his debts.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for a security clearance by considering the totality of the applicant's conduct and all relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(a):

(1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept.

I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in this whole-person analysis. I also considered Applicant's honorable military service.

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. I conclude Applicant mitigated the financial considerations security concerns.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by section E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	For Applicant
Subparagraphs 1.a-1.r:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is granted.

Edward W. Loughran
Administrative Judge