



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



In the matter of:)
)
) ISCR Case No. 21-00292
)
)
Applicant for Security Clearance)

Appearances

For Government: Aubrey De Angelis, Esq., Department Counsel
For Applicant: *Pro se*

October 5, 2021

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On April 9, 2021, in accordance with DoD Directive 5220.6, as amended (Directive), the Department of Defense issued Applicant a Statement of Reasons (SOR) alleging facts that raise security concerns under Guideline F. The SOR further informed Applicant that, based on information available to the government, DoD adjudicators could not make the preliminary affirmative finding it is clearly consistent with the national interest to grant or continue Applicant’s security clearance.

Applicant answered the SOR on May 21, 2021, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on June 25, 2021. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on June 25, 2021, scheduling the hearing for August 4, 2021. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 7, which were admitted into evidence. Applicant testified on his own behalf and called one witness. Applicant offered four sets of documents, which I marked Applicant’s Exhibits (AppXs) A through D, and admitted into evidence. The record was left open until September 3, 2021, for

receipt of additional documentation. On August 30, 2021, Applicant offered five additional sets of documents, which I marked AppXs E through I, and admitted into evidence. DOHA received the transcript of the hearing (TR) on August 16, 2021.

Findings of Fact

Applicant admitted to the allegations in SOR ¶¶ 1.c, through 1.f. He denied SOR allegations ¶¶ 1.a. and 1.b., with explanations. After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 43-year-old employee of a defense contractor. (GX 1 at page 7.) He has been employed with the defense contractor since 2020. (TR at page 13 lines 14~21.) Applicant is separated from his spouse “since 2013,” is pending a divorce, and has three children. (TR at page 14 line 5 to page 15 line 14.) He was unemployed or underemployed from 2005~2020. Applicant attributes his financial difficulties to his separation and pending divorce, and to his 15 years of deficient employment. (TR at 16 line 20 to page 17 line 20.)

Guideline F - Financial Considerations

1.a. and 1.b. Applicant is current with Federal and state income tax filings, as evidenced by copies of those filings. (TR at page 15 line 15 to page 16 line 16, at page 33 line 17 to page 34 line 18, and AppXs A, B, E and F.)

1.c. Through the auspices of a tax relief firm, Applicant’s past tax delinquencies have been placed in a “Currently Not Collectable Status (CNC),” and he is required to use 3% of his net monthly income as payments to the Internal Revenue Service (IRS). (TR at page 17 line 21 to page 20 line 13, and AppXs B and G.) Through this process, Applicant’s tax debt to the IRS has been reduced to \$12,732.00, as evidenced by documentation from his tax relief firm. (AppX G.)

1.d. Applicant’s past-due debt to Creditor D is “paid in full,” as evidenced by a letter from Creditor D. (TR at page 23 line 24 to page 26 line 13, and AppX I.)

1.e. Applicant’s past-due debt to Creditor E has a “Balance \$0.00,” as evidenced by letters from Creditor E. (TR at page 26 line 14 to page 28 line 14, and AppXs C and H.)

1.f. Through the auspices of legal counsel, Applicant has made a reasonable settlement offer to Creditor E vis-à-vis his \$5,424 past-due car lease debt. Through this offer, Applicant agrees to make two \$500 payments, and monthly payments of \$150 thereafter “until [the debt is] paid.” (TR at page 28 line 15 to page 29 line 19). This is evidenced by a letter of offer to Creditor E. (AppX J.) I find this to be a good-faith effort to address this admitted past-due debt.

Policies

When evaluating an applicant's national security eligibility, the administrative judge must consider the adjudicative guidelines (AG). 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 national security eligibility.

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 AG ¶ 2 describing the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(a), 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 national security eligibility will be resolved in favor of the national security." In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record.

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Directive ¶ E3.1.15 states 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, and has the ultimate burden of persuasion as to obtaining a favorable clearance decision."

A person who applies for access to classified information seeks to enter 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 protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified information.

Section 7 of Executive Order (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 relating to the guideline for Financial Considerations is set out in AG ¶ 18:

Failure 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 or sensitive information. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental health conditions, substance misuse, or alcohol abuse or dependence. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

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

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts regardless of the ability to do so;
- (c) a history of not meeting financial obligations; and
- (f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

Applicant had delinquent income tax filings, delinquent Federal income taxes, and other past-due debts. The evidence is sufficient to raise these disqualifying conditions.

AG ¶ 20 provides conditions that could mitigate financial security concerns. I considered all of the mitigating conditions under AG ¶ 20 including:

- (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;

(b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances;

(c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source, such as a non-profit credit counseling service, and there are clear indications that the problem is being resolved or is under control;

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; and

(g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

Applicant has filed all his delinquent income tax returns, is paying down his Federal income tax debt, and has addressed the other alleged past-due debts. He has demonstrated that future financial problems are unlikely. Mitigation under AG ¶ 20 has been established.

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(d):

(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 facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under that guideline, but some warrant additional comment. Applicant is

respected in the workplace. (TR at page 38 line 1 to page 40 line 2.) He performs well at his job.

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, 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 ¶ E3.1.25 of the Directive, are:

Paragraph 1, Guideline F:	FOR APPLICANT
Subparagraphs 1.a~1.f.	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 national security eligibility for a security clearance. Eligibility for access to classified information is granted.

Richard A. Cefola
Administrative Judge