

KEYWORD: Financial

DIGEST: Applicant's financial difficulties, which resulted in a bankruptcy filing and discharge, occurred over two years ago. He is committed to avoiding a recurrence of these problems. Clearance is granted.

CASENO: 06-23665.h1

DATE: 06/11/2007

DATE: June 11, 2007

In Re:)	
)	
)	
-----)	ISCR Case No. 06-23665
SSN: -----)	
)	
Applicant for Security Clearance)	

**DECISION OF ADMINISTRATIVE JUDGE
JOSEPH TESTAN**

APPEARANCES

FOR GOVERNMENT

Jennifer I. Goldstein, Department Counsel

FOR APPLICANT

Pro Se

SYNOPSIS

Applicant's financial difficulties, which resulted in a bankruptcy filing and discharge, occurred over two years ago. He is committed to avoiding a recurrence of these problems. Clearance is granted.

STATEMENT OF THE CASE

On January 19, 2007, the Defense Office of Hearings and Appeals (DOHA), pursuant to Executive Order 10865 and Department of Defense Directive 5220.6 (Directive), dated January 2, 1992, issued a Statement of Reasons (SOR) to applicant which detailed reasons why DOHA could not make the preliminary affirmative finding under the Directive that it is clearly consistent with the national interest to grant or continue a security clearance for applicant and recommended referral to an Administrative Judge to determine whether clearance should be denied or revoked.

Applicant responded to the SOR in writing on February 6 and February 20, 2007, and elected to have his case determined on a written record in lieu of a hearing. Department Counsel submitted the Government's written case (FORM) on or about March 7, 2007. Applicant did not file a response to the FORM. The case was assigned to me on May 2, 2007.

FINDINGS OF FACT

Applicant is a 57 year old employee of a defense contractor. He received an Honorable Discharge from the U.S. Navy after serving on active duty for over 20 years.

In June 2004, applicant filed a Chapter 7 bankruptcy petition. In December 2004, he received a Discharge from the bankruptcy court.

Applicant was indebted to Citi Auto in the approximate amount of \$5,971.00. The debt was charged off by the creditor in September 2003. In his response to the SOR, applicant stated the debt was discharged by the bankruptcy court. This debt does not appear on the two most recent credit reports offered by the Government (Exhibits 7 and 8). I find that this debt was discharged by the bankruptcy court.

Applicant was indebted to Ford Motor Credit in the approximate amount of \$4,179.00 as a result of a judgment it obtained against applicant in 2001. Although this judgment is listed on all three credit reports offered by the Government, I find applicant's statement, that this debt was discharged by the bankruptcy court, to be credible and worthy of belief.

In his response to the SOR, applicant made the following statements:

Since our bankruptcy we have had no outstanding debts . . . we don't have any credit cards and we pay cash for our purchases. We are living within our means and have no plans to do otherwise. Our bills include one vehicle payment, rent, insurance, and utilities, and one book club . . . We have only declared bankruptcy once and have since stayed out of debt.

I would like to add that we live modestly and simply without extra extravagances. We are happy this way and have no intention of changing our lifestyle. We have no outstanding debts, just normal living expenses, and we like it that way.

CONCLUSIONS

_____The evidence establishes that applicant has a history of not honoring his financial obligations. Disqualifying Conditions 19(a) (*inability or unwillingness to satisfy debts*) and 19(c) (*a history of not meeting financial obligations*) are applicable.

Once the Government established a *prima facie* case under Guideline F, the burden shifted to applicant to show he has reformed. Applicant met his burden. He offered credible evidence that the two debts listed in the SOR were discharged by the bankruptcy court, and that he has not been delinquent on any new debts since receiving his discharge over two years ago. His statements in response to the SOR indicate he is committed to avoiding future financial problems.

Based on the foregoing, and after consideration of the factors set forth in Enclosure 2, Paragraph 2 of the Directive,¹ Guideline F is found for applicant.

FORMAL FINDINGS

PARAGRAPH 1: FOR THE APPLICANT

DECISION

In light of all the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant or continue a security clearance for applicant.

Joseph Testan
Administrative Judge

¹Pages 18-19.