

KEYWORD: Financial

DIGEST: Applicant's background investigation revealed 32 delinquent debts, an approximate total of \$10,225. Most of the accounts were delinquent medical bills. She recently paid off each debt from the funds received from a settlement related to an accident involving her husband. Her good faith efforts to pay off her debts mitigates the security concern under financial considerations. Clearance is granted.

CASENO: 06-16234.h1

DATE: 04/17/2007

DATE: April 17, 2007

In Re:	)	
	)	
-----	)	
SSN: -----	)	ISCR Case No. 06-16234
	)	
Applicant for Security Clearance	)	
	)	

**DECISION OF ADMINISTRATIVE JUDGE  
ERIN C. HOGAN**

**APPEARANCES**

**FOR GOVERNMENT**

Robert E. Coacher, Esq., Department Counsel

**FOR APPLICANT**

*Pro Se*

**SYNOPSIS**

Applicant's background investigation revealed 32 delinquent debts, an approximate total of \$10,225. Most of the accounts were delinquent medical bills. She recently paid off each debt from the funds received from a settlement related to an accident involving her husband. Her good faith efforts to pay off her debts mitigates the security concern under financial considerations. Clearance is granted.

### **STATEMENT OF CASE**

On January 19, 2007, the Defense Office of Hearings and Appeals (DOHA) issued to Applicant a Statement of Reasons (SOR) stating they were unable to find that it is clearly consistent with the national interest to grant or continue a security clearance.<sup>1</sup> The SOR, which is in essence the administrative complaint, alleges security concerns under Guideline F, Financial Considerations, of the revised Adjudicative Guidelines issued on December 29, 2005, and implemented by the Department of Defense effective September 1, 2006.

In an undated sworn statement, Applicant responded to the SOR allegations and elected to have her case decided on the written record, in lieu of a hearing. Department Counsel submitted the government's file of relevant material (FORM) on February 26, 2007. The FORM was mailed to Applicant on February 28, 2007, and received on March 2, 2007. Applicant was afforded an opportunity to file objections and submit material in refutation, extenuation, or mitigation. Applicant responded on March 9, 2007. The case was assigned to me on March 22, 2007.

### **PROCEDURAL ISSUES**

The case file did not indicate Applicant received a copy of the revised AG issued on December 29, 2005, and implemented by the Department of Defense on September 1, 2006. On March 23, 2007, an Order was sent to Department Counsel. Department Counsel was ordered to contact Applicant to inquire as to whether the revised Adjudicative Guidelines were sent to Applicant. If not, the order states Department Counsel will send Applicant a copy of the Revised AGs and give her 30 days to review and respond to the revised AGs. On April 2, 2007, Department Counsel spoke with Applicant and she confirmed on April 3, 2007, she received a copy of the revised Adjudicative Guidelines.

Applicant's Answer to the SOR, Item 3, contained numerous attachments. I marked the attachments as follows: Atch 1, relates to SOR ¶ 1.a, 3 pages; Atch 2, relates to SOR ¶ 1.b, 1 page; Atch 3, relates to SOR ¶¶ 1.c and 1.d, 1 page; Atch 4, relates to SOR ¶¶ 1.e - 1.v, 1 page; Atch 5, relates to SOR ¶¶ 1.w - 1.y, 1 page; Atch 6, relates to SOR ¶¶ z, aa, and cc, 6 pages; Atch 7, relates to SOR ¶ 1.bb, 1 page; Atch 8, relates to SOR ¶¶ 1.dd - 1.ee, 1 page; Atch 9, relates to SOR ¶ 1.ff, 1 page; and Atch 10, relates to SOR ¶¶ 1.w - 1.y, 4 pages.

---

<sup>1</sup>This action was taken under Executive Order 10865, dated February 20, 1960, as amended, and DoD Directive 5220.6, dated January 2, 1992, as amended and modified (Directive).

## FINDINGS OF FACT

In her SOR response, Applicant admits to all of the allegations in the SOR. Applicant's admissions are incorporated herein. In addition, after a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 32-year-old woman employed with a Department of Defense contractor who is applying for a security clearance. She is married and has one child, age 6.<sup>2</sup>

On December 13, 2004, Applicant completed a security clearance application (SF 86).<sup>3</sup> She disclosed a wage garnishment in response to question 34, two judgments in response to question 37, and 14 delinquent bills, most of which were medical accounts. In the General Remarks section of the SF 86, she mentioned that she could not remember all the medical bills that she owed but answered the questions to the best of her ability.<sup>4</sup> Her background investigation revealed 32 delinquent debts with a total approximate balance of \$10,225.<sup>5</sup> Most of the delinquent accounts were medical bills. Four of the accounts were not medical bills.

The delinquent accounts included a \$500 judgment related to a medical bill (SOR ¶ 1.a); a \$1,426 judgment related to a delinquent credit card account (SOR ¶ 1.b); a \$141 medical account placed for collection (SOR ¶ 1.c); a \$141 medical account placed for collection (SOR ¶ 1.d); a \$100 medical account placed for collection (SOR ¶ 1.e); a \$100 medical account placed for collection (SOR ¶ 1.f); a \$200 medical account placed for collection (SOR ¶ 1.g); a \$100 medical account placed for collection (SOR ¶ 1.h); a \$548 medical account placed for collection (SOR ¶ 1.i); a \$222 medical account placed for collection (SOR ¶ 1.j); a \$620 medical account placed for collection (SOR ¶ 1.k); a \$617 medical account placed for collection (SOR ¶ 1.l); a \$75 medical account placed for collection (SOR ¶ 1.m); a \$75 medical account placed for collection (SOR ¶ 1.n); a \$75 medical account placed for collection (SOR ¶ 1.o); a \$1,228 medical account placed for collection (SOR ¶ 1.p); a \$695 medical account placed for collection (SOR ¶ 1.q); a \$200 medical account placed for collection (SOR ¶ 1.r); a \$200 medical account placed for collection (SOR ¶ 1.s); a \$100 medical account placed for collection (SOR ¶ 1.t); a \$200 medical account placed for collection (SOR ¶ 1.u); a \$100 medical account placed for collection (SOR ¶ 1.v); a \$27 medical account placed for collection (SOR ¶ 1.w); a \$27 medical account placed for collection (SOR ¶ 1.x); a \$27 medical account placed for collection (SOR ¶ 1.y); a \$66 medical account placed for collection (SOR ¶ 1.z); a \$112 medical account placed for collection (SOR ¶ 1.aa); a \$33 medical account placed for collection (SOR ¶ 1.bb); a \$190 medical account placed for collection (SOR ¶ 1.cc); a \$1,158 credit card account placed for collection (SOR ¶ 1.dd); a \$1,143 credit card account placed for collection (SOR ¶ 1.ee); and a \$59 account placed for collection (SOR ¶ 1.ff).<sup>6</sup>

---

<sup>2</sup> Item 4.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> Items 5 and 6.

<sup>6</sup> Items 5 and 6.

Applicant has severe chronic asthma. She is hospitalized approximately once a year due to her condition.<sup>7</sup> She incurred a lot of the medical bills when she did not have medical insurance, especially when she was a full-time student. Even when she had insurance, co-payments were a financial burden to her family expenses.<sup>8</sup> In response to interrogatories, dated November 30, 2006, Applicant indicated her husband was injured in a motorcycle accident in August 2006. He was unable to work indefinitely resulting in Applicant being the sole provider for the family. She stated that she would pay the debts as soon as she had the money.<sup>9</sup>

In her answer to the SOR, Applicant provided proof that she resolved all of the delinquent accounts in the SOR.<sup>10</sup> She was able to pay off the debts with a cash settlement her husband received related to his motorcycle accident.<sup>11</sup> The debt alleged in SOR ¶ 1.a was paid on February 7, 2007.<sup>12</sup> The debt alleged in SOR ¶ 1.b was paid in full on February 7, 2007.<sup>13</sup> The debts alleged in SOR ¶¶ 1.c and 1.d were paid in full on February 6, 2007.<sup>14</sup> The debts alleged in SOR ¶¶ 1.e - 1.v were paid in full on February 6, 2007.<sup>15</sup> The debts alleged in SOR ¶¶ 1.w - 1.y were paid in full on February 7, 2007.<sup>16</sup> The debts alleged in SOR ¶¶ 1.z, 1.aa, and 1.cc were paid in full on February 7, 2007.<sup>17</sup> The debt alleged in SOR ¶ 1.bb was paid in full on February 7, 2007.<sup>18</sup> The debts alleged in SOR ¶¶ 1.dd and 1.ee were paid in full on January 29, 2007.<sup>19</sup> The debt alleged in SOR ¶¶ 1.ff was resolved on January 27, 2007.<sup>20</sup>

## POLICIES

---

<sup>7</sup> Item 5, Response to FORM, dated March 9, 2007.

<sup>8</sup> Response to FORM.

<sup>9</sup>Item

<sup>10</sup> Item 3.

<sup>11</sup> Response to FORM.

<sup>12</sup> Item 3, Atch 1.

<sup>13</sup> Item 3, Atch 2.

<sup>14</sup> Item 3, Atch 3.

<sup>15</sup> Item 3, Atch 4.

<sup>16</sup> Item 3, Atchs 5 and 10.

<sup>17</sup> Item 3, Atch 6.

<sup>18</sup> Item 3, Atch 7.

<sup>19</sup> Item 3, Atch 8.

<sup>20</sup> Item 3, Atch 9.

The President has “the authority to . . . control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to occupy a position . . . that will give that person access to such information.”<sup>21</sup> In Executive Order 10865, *Safeguarding Classified Information Within Industry* (Feb. 20, 1960), the President set out guidelines and procedures for safeguarding classified information within the executive branch.

To be eligible for a security clearance, an applicant must meet the security guidelines contained in the Directive. The revised Adjudicative Guidelines, approved by the President on December 29, 2005 and implemented by the Department of Defense, effective September 1, 2006, sets forth personnel security guidelines, as well as the disqualifying conditions and mitigating conditions under each guideline. The adjudicative guideline at issue in this case is:

Guideline F - Financial Considerations: 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. Compulsive gambling is a concern as it may lead to financial crimes including espionage. Affluence that cannot be explained by known sources of income is also a security concern. It may indicate proceeds from financially profitable criminal acts.<sup>22</sup>

Conditions that could raise a security concern and may be disqualifying, as well as those which could mitigate security concerns pertaining to this adjudicative guideline, is set forth and discussed in the conclusions below.

“The adjudicative process is an examination of a sufficient period of a person’s life to make an affirmative determination that the person is an acceptable security risk.”<sup>23</sup> An administrative judge must apply the “whole person concept,” and consider and carefully weigh the available, reliable information about the person. An administrative judge should consider the following factors: (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.<sup>24</sup>

Initially, the Government must present evidence to establish controverted facts in the SOR that disqualify or may disqualify the applicant from being eligible for access to classified

---

<sup>21</sup> *Department of the Navy v. Egan*, 484 U.S. 518, 527 (1988).

<sup>22</sup> Revised AG, dated August 2006, ¶ 18.

<sup>23</sup> Revised AG, dated August 2006, ¶ 2(a).

<sup>24</sup> *Id.*

information.<sup>25</sup> Thereafter, the applicant is responsible for presenting evidence to rebut, explain, extenuate, or mitigate the facts admitted by the applicant or proven by Department Counsel. The applicant has the ultimate burden of persuasion as to obtaining a favorable clearance decision.<sup>26</sup> “Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security.”<sup>27</sup>

A person granted access to classified information enters into a special relationship with the government. The government must be able to repose a high degree of trust and confidence in those individuals to whom it grants access to classified information. The decision to deny an individual a security clearance is not a determination as to the loyalty of the applicant. It is merely an indication that the applicant has not met the strict guidelines the President has established for issuing a clearance.

## CONCLUSIONS

I have carefully considered all the facts in evidence and the legal standards. The government has established a prima facie case for disqualification under Guideline F.

### **Guideline F - Financial Considerations**

Applicant's poor financial history raises a security concern. She has encountered financial problems since she was a college student. She was only recently able to resolve her delinquent accounts as a result of monies received from a settlement related to her husband's motorcycle accident. Financial Considerations Disqualifying Condition (FC DC) 19(a) (*inability or unwillingness to satisfy debts*) and FC DC 19(c) (*a history of not meeting financial obligations*) apply to Applicant's case.

The financial considerations concern can be mitigated. I find that Financial Considerations Mitigating Condition (FC MC) 20(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, or a death, divorce, or separation)*), applies, in part. The majority of Applicant's delinquent accounts are medical bills. Her chronic asthma contributed to her financial burdens, especially when she had no health insurance. Her husband's motorcycle accident in August 2006, prevented him from working. The record is not clear as to whether he is currently unable to work. It is also not clear how much income he brought into the household. Regardless, his inability to work adversely affected Applicant's ability to resolve her delinquent accounts. However, I also note that Applicant purchased a time share in 2003.<sup>28</sup> This is a frivolous expense and indicates poor judgment on Applicant's part. The money would have been better spent towards her delinquent accounts. For this reason, I give FC MC 20(b) less weight.

---

<sup>25</sup> Directive ¶ E3.1.14.

<sup>26</sup> Directive ¶ E3.1.15.

<sup>27</sup> Revised AG, dated August 2006, ¶ 2(b).

<sup>28</sup> Item 5, Credit Report dated November 7, 2006, p. 5.

FC MC 20(c) (*the person has received or is receiving counseling for the problem and/or there are clear indications the problem is being resolved or under control*) applies. Applicant resolved all of the delinquent accounts in the SOR. Her financial problems appear to be under control. There is nothing in the file indicating that she received financial counseling. It is strongly recommended Applicant attend financial counseling to learn how to budget her expenses in order to prevent her from having financial problems in the future.

Although the resolution of Applicant's debts were at the last minute, she resolved her accounts when she and her husband received the monetary settlement. FC MC 20(d) (*the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts*) applies.

I considered all the evidence provided and also considered the “whole person” concept in evaluating Applicant’s risk and vulnerability in protecting our national interests. I find Applicant has mitigated the security concerns raised by the financial considerations concern. Therefore, I am persuaded by the totality of the evidence in this case, that it is clearly consistent with the national interest to grant Applicant a security clearance.

### **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
Subparagraph 1.a:	For Applicant
Subparagraph 1.b:	For Applicant
Subparagraph 1.c:	For Applicant
Subparagraph 1.d:	For Applicant
Subparagraph 1.e:	For Applicant
Subparagraph 1.f:	For Applicant
Subparagraph 1.g:	For Applicant
Subparagraph 1.h:	For Applicant
Subparagraph 1.i:	For Applicant
Subparagraph 1.j:	For Applicant
Subparagraph 1.k:	For Applicant
Subparagraph 1.l:	For Applicant
Subparagraph 1.m:	For Applicant
Subparagraph 1.n:	For Applicant
Subparagraph 1.o:	For Applicant
Subparagraph 1.p:	For Applicant
Subparagraph 1.q:	For Applicant
Subparagraph 1.r:	For Applicant
Subparagraph 1.s:	For Applicant
Subparagraph 1.t:	For Applicant
Subparagraph 1.u:	For Applicant
Subparagraph 1.v:	For Applicant

Subparagraph 1.w:	For Applicant
Subparagraph 1.x:	For Applicant
Subparagraph 1.y:	For Applicant
Subparagraph 1.z:	For Applicant
Subparagraph 1.aa:	For Applicant
Subparagraph 1.bb:	For Applicant
Subparagraph 1.cc:	For Applicant
Subparagraph 1.dd:	For Applicant
Subparagraph 1.ee:	For Applicant
Subparagraph 1.ff:	For Applicant

**DECISION**

In light of all of the evidence presented by the record in this case, it is clearly consistent with the national interest to grant Applicant a security clearance. Clearance is granted.

Erin C. Hogan  
Administrative Judge