

KEYWORD: Financial

DIGEST: Applicant has approximately \$30,000.00 in unsecured debt that has been past-due for many years. There is little to no chance she will be in a position to address this debt anytime soon. Clearance is denied.

CASENO: 06-18073.h1

DATE: 01/31/2007

DATE: January 31, 2007

In Re:	)	
	)	
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SSN: -----	)	ISCR Case No. 06-18073
	)	
Applicant for Security Clearance	)	
	)	

**DECISION OF ADMINISTRATIVE JUDGE  
JOSEPH TESTAN**

**APPEARANCES**

**FOR GOVERNMENT**

Jennifer I. Goldstein, Department Counsel

**FOR APPLICANT**

*Pro Se*

**SYNOPSIS**

\_\_\_\_ Applicant has approximately \$30,000.00 in unsecured debt that has been past-due for many years. There is little to no chance she will be in a position to address this debt anytime soon.

Clearance is denied.

### STATEMENT OF THE CASE

On August 30, 2006, 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. The case was assigned to the undersigned on November 14, 2006. A Notice of Hearing was issued on November 27, 2006, and the hearing was held on December 28, 2006. The transcript was received on January 10, 2007.

### FINDINGS OF FACT

Applicant is 49 years of age. She has been employed by the same defense contractor since April 2005.

**SOR Allegation 1a:** In 2003, applicant had a car repossessed because of an unpaid balance of more than \$10,000.00.

**SOR Allegation 1b:** As of August 2005, applicant was delinquent on a Capital One credit card account in the approximate amount of \$500.00.

**SOR Allegation 1c:** As of August 2005, applicant was delinquent on a Citibank Visa credit card account in the approximate amount of \$3,800.00.

**SOR Allegation 1d:** As of August 2005, applicant was delinquent on an Emerge Providian credit card debt in the approximate amount of \$500.00.

**SOR Allegation 1e:** On March 1, 2006, applicant provided DoD with a Personal Financial Statement which showed a monthly deficit of \$383.91.

**SOR Allegation 1f:** In her response to the SOR, applicant denied this allegation. At the hearing she testified she denied it because the debt arose from a credit card that was in her husband's name (TR at 15-16).

**SOR Allegation 1g:** Applicant is indebted to MBNA America in the approximate amount of \$3,000.00. This debt went delinquent and was charged off.

**SOR Allegation 1h:** Applicant is indebted to NCO Financial in the approximate amount of \$7,125.00. This account went delinquent and was referred for collection.

**SOR Allegation 1i:** Applicant is indebted to this creditor in the past-due amount of at least \$2,000.00 (TR at 23-25).

**SOR Allegation 1j:** Applicant was indebted to American General Financial Services in the approximate amount of \$2,446.00. This debt was secured by applicant's truck, which has since been turned over to the creditor. It is unclear at this time if applicant's truck was sufficient to cover the debt.

**SOR Allegation 1k:** As of July 2006, applicant and her husband had unpaid dental and medical bills totaling approximately \$13,000.00.

Applicant testified that her financial problems began in the summer of 2002 when she and her husband both experienced severe medical problems. First, it was discovered that her husband had a blockage in his carotid artery and needed surgery to correct the problem. While he was in intensive care recovering from the surgery, applicant suffered a severe heart attack, which resulted in her undergoing heart bypass surgery three days later.

Although applicant and her husband eventually returned to work, they were never able to earn enough money to repay their past-due debts. There were two main reasons for this. First, because her husband worked in the construction business, his paychecks were never reliable. Second, in March 2004, applicant decided to accept what she thought would be a better position in a different city. The position never worked out, and applicant went through at least two periods of unemployment before she started working at her present job in April 2005.

As if they had not gone through enough, at the beginning of this year, applicant's husband underwent back surgery. The surgery did not go well, and he has been disabled and unable to work since then.

For the past four months, applicant and her husband have been living with two of their friends. The friends have allowed them to live rent free, and have paid for all food and utilities. Applicant and the friends have agreed that applicant and her husband should be able to move out by June 2007. Because she needs to save up enough money to be able to rent an apartment, applicant has not made any payments on any of the past-due debts even though she has saved approximately \$1,500.00 since living with the friends. She has not contacted any of the creditors listed in the SOR because she is not in a position to do anything about her debts and doesn't want to make promises she can't keep. She testified credibly that she intends to satisfy these past-due debts when she is able to do so. She is hoping that her husband will be able to go back to work, or at least start collecting disability benefits, in the near future.

## CONCLUSIONS

\_\_\_\_\_ The evidence establishes that (1) applicant has been experiencing significant financial difficulties since 2002, (2) she is still indebted to numerous creditors for past-due debts in the approximate total amount of \$30,000.00, and (3) there is little to no chance she will be in a position to satisfy these past-due debts anytime soon. Disqualifying Conditions E2.A6.1.2.1 (*a history of not*

*meeting financial obligations*) and E2.A6.1.2.3 (*inability or unwillingness to satisfy debts*) are applicable.

Applicant offered overwhelming evidence that her financial problems were caused by medical problems that were obviously beyond her control. Mitigating Condition E2.A6.1.3.3 (*the conditions that resulted in the behavior were largely beyond the person's control, e.g., loss of employment, a business downturn, unexpected medical emergency, or a death, divorce or separation*) is therefore applicable.

At the present time, applicant is clearly experiencing significant financial difficulties. Although these financial difficulties were clearly caused by factors beyond her control, the fact remains her present situation fits squarely within the Financial Guideline Concern expressed in the Directive (E2.A6.1.1.1 - *An individual who is financially overextended is at risk of having to engage in illegal acts to generate funds.*). Because there is little to no chance these financial problems will be resolved anytime soon, I have no choice but to conclude it is not now clearly consistent with the national interest for applicant to have access to classified information.

## **FORMAL FINDINGS**

### PARAGRAPH 1: AGAINST THE APPLICANT

## **DECISION**

In light of all the circumstances presented by the record in this case, it is not clearly consistent with the national interest to grant or continue a security clearance for applicant.

Joseph Testan  
Administrative Judge