

KEYWORD: Financial; Personal Conduct

DIGEST: Applicant is a 45-year-old owner and president of a small business defense contractor. He owes more than \$1,000,000 in delinquent federal income and employer taxes, and owes more than \$220,000 in other debts reduced to liens and judgments. He has made some partial repayments, but regularly experiences negative monthly cash flow and is unable to repay these debts. He also received more than 25 citations for traffic and parking violations and did not pay the fines when due. Security concerns raised by financial considerations and personal conduct were not mitigated. Clearance is denied.

CASENO: 06-22298.h1

DATE: 07/30/2007

DATE: July 30, 2007

_____)	
In re:)	
)	
-----)	ISCR Case No. 06-22298
SSN: -----)	
)	
Applicant for Security Clearance)	
_____)	

**DECISION OF ADMINISTRATIVE JUDGE
DAVID M. WHITE**

APPEARANCES

FOR GOVERNMENT
Jennifer Goldstein, Esq., Department Counsel

FOR APPLICANT
Pro Se

SYNOPSIS

Applicant is a 45-year-old owner and president of a small business defense contractor. He owes more than \$1,000,000 in delinquent federal income and employer taxes, and owes more than \$220,000 in other debts reduced to liens and judgments. He has made some partial repayments, but regularly experiences negative monthly cash flow and is unable to repay these debts. He also received more than 25 citations for traffic and parking violations and did not pay the fines when due. Security concerns raised by financial considerations and personal conduct were not mitigated. Clearance is denied.

STATEMENT OF THE CASE

_____ Applicant applied for a security clearance on January 17, 2006, in conjunction with his employment by a defense contractor as its president and CEO. On November 29, 2006, the Defense Office of Hearings and Appeals (DOHA) issued a Statement of Reasons (SOR) to Applicant, pursuant to Executive Order 10865, *Safeguarding Classified Information Within Industry*, dated February 20, 1960, as amended, and Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive), dated January 2, 1992, as amended. The SOR detailed reasons, under Guideline F (Financial Considerations), and Guideline E (Personal Conduct), of the revised Adjudicative Guidelines (AG),¹ why DOHA could not make the preliminary affirmative finding under the Directive that it is clearly consistent with the national interest to grant a security clearance for Applicant, and recommended referral to an administrative judge to determine whether a clearance should be granted, continued, denied, or revoked.

Applicant responded to the SOR allegations in a notarized letter dated December 22, 2006, and a supplemental notarized letter dated January 29, 2007, admitting the truth of some of the allegations and denying others, and elected to have a hearing before an administrative judge. The case was then assigned to me on May 11, 2007. A notice of hearing was issued on May 23, 2007, and the hearing was held as scheduled on June 21, 2007. On April 23, 2007, the Government submitted a motion to amend the SOR by reducing the amount of debt alleged in SOR ¶ 1.a, and served a copy on Applicant. On June 5, 2007, the Government submitted a motion to amend the SOR by reducing the amount of debt alleged in SOR ¶ 1.b, and served a copy on Applicant. These motions were granted at the hearing, without objection. The Government offered 23 exhibits that were marked as Government Exhibits (GE) 1 through 23, and admitted without objection. Applicant testified, and offered four exhibits that were marked Applicant Exhibits (AE) A through D, and admitted without objection. At Applicant's request, the record was left open until July 6, 2007, to permit him to submit additional documentary evidence. That evidence was timely received, via Department Counsel, who had no objection to its admission. This evidence was marked AE E through J, was also fully considered and admitted into the record. DOHA received the hearing transcript (Tr) on July 6, 2007.

¹*Adjudicative Guidelines for Determining Eligibility for Access to Classified Information (August 2006)* as implemented by Under Secretary of Defense Memorandum of Aug. 30, 2006 for use in adjudication of all cases in which an SOR had not been issued by Sept 1, 2006. These revised AG replaced those found in enclosure 2 of the Directive, which is pending revision to incorporate them. Copies of the applicable AG were provided to Applicant with the SOR.

FINDINGS OF FACT

Applicant admitted the truth of some factual allegations set forth in the SOR pertaining to financial considerations under AG F (¶¶ 1.b, 1.c, 1.f, 1.g, and 1.k), and personal conduct under AG E (¶ 2.a), noting unspecified extenuating circumstances. Those admissions are incorporated herein as findings of fact. He denied the remaining allegations under AG F (¶¶ 1.a, 1.d, 1.e, 1.h through 1.j, and 1.l through 1.z). After complete and thorough review of all the evidence in the record, and upon due consideration of same, I make the following findings of fact:

Applicant is a 45-year-old president and CEO of a small-business defense contractor seeking to obtain a security clearance for the first time.² He is married with two children. Applicant admitted to owing the IRS more than \$1,000,000 in past-due income taxes and employer taxes from 2000 through 2003 as alleged in SOR ¶¶ 1.a, 1.b, and 1.c.³ He said that the majority of this debt arose from a failed transportation business venture. However, he also said he owned that business from 2003 to 2005, while the SOR alleged IRS debts arose between 2000 and early 2003.⁴ He claimed that he is making payments under an informal agreement with the IRS, but produced no documentation to corroborate his claim. He also said they were negotiating but had not reached an offer in compromise. The \$2,790 per month payments he claims to be making would not repay this debt for over 30 years, assuming no additional penalties or interest.⁵ Applicant submitted no documentation to corroborate his claims concerning these debts.

Applicant denied currently owing the judgment debts, totaling about \$27,450, alleged in SOR ¶ 1.d and 1.e. The Government established that judgments and liens did exist.⁶ He said he had paid both judgments, and no longer owed either creditor any money. He said he would provide documentation to show this within a week,⁷ but did not do so. Every indication in the record is that these debts still exist.

Applicant admitted owing the delinquent debts alleged in SOR ¶¶ 1.f and 1.g.⁸ These debts are to two firms Applicant employed in connection with renovation of a historic building into commercial and residential condominiums. The bank that was financing the project terminated Applicant's credit after these firms had done the work for which they now claim payment. He has a written agreement with the judgment creditor holding the former debt to hold off execution of judgment so long as he pays them \$5,000 per month on the remaining \$145,000 debt at 12% interest.

²GE 1 (e-QIP, dated Jan. 17, 2006) at 6, 27-28; Tr at 53.

³See also, GE 3 at 2 and GE 4 at 1; GE 6 through GE 11. Note: the Government did not allege the additional \$270,000 in more recently assessed tax debts identified in GE 10 and GE 11 (Notices of Federal Tax Liens dated Oct. 30 and 31, 2006).

⁴Tr at 54, 72-73; GE 7; GE 8; GE 9.

⁵Tr at 67-70.

⁶GE 15 at 6-7, 8; GE 16.

⁷Tr at 29, 31-32, 73-74; Applicant's undated cover letter and AE E through J.

⁸See also, GE 15 at 9-10; GE 17; GE 18; GE 22.

He has been making these payments.⁹ This creditor filed a mechanics' and materialmen's lien on the property as alleged in SOR ¶ 1.h.¹⁰ Applicant did not explain why he denied this allegation in his response to the SOR. He has not made any payments on the latter debt of \$46,750, but that creditor, who also filed a lien, expects to be paid when Applicant finishes the project and sells some condos.¹¹ Applicant is negotiating for additional financing to finish the renovation project, but is currently paying for all project work out of his salary from his defense contracting business.¹²

Applicant and his wife did owe a \$3,755 judgment debt that was still outstanding as of March 7, 2006, as alleged in SOR ¶ 1.i. Applicant denied this in his response to the SOR, and stated during the hearing that he believed the allegation to be in error. The court records indicate the judgment was fully satisfied on April 7, 2006.¹³ Applicant also denied the tax warrant judgment debt alleged in SOR ¶ 1.j, claimed at the hearing that it had been paid, and said he would provide a letter documenting this fact. Although he did not do so, the Government-cited evidence did not establish that this debt existed as alleged.¹⁴ Applicant admitted the \$31,000 judgment debt to a former employee as alleged in SOR ¶ 1.k.¹⁵ He claimed at the hearing that he had reached an informal agreement to pay \$3,000 per month, starting late last year, but did not know the outstanding balance. He provided nothing to document this status.¹⁶

SOR ¶¶ 1.l through 1.y allege \$1,766 in unpaid parking tickets and traffic fines from 2002 through 2005 that were referred for collection. Applicant denied these allegations. The Government provided no evidence to establish SOR ¶¶ 1.l or 1.m, but did provide court records documenting each of the remaining allegations.¹⁷ Applicant claimed he accumulated his various tickets and fines and paid them when necessary to obtain a new vehicle or driver's license. He did not document repayment of the alleged fines. However, the collection agency to which each of these courts referred the unpaid fines was the creditor alleged in SOR ¶ 1.i, whose debt was satisfied in April 2006. The Government did provide sufficient evidence to support the \$283 medical debt alleged in SOR ¶ 1.z, and Applicant did not explain his denial, or otherwise establish he does not owe it.¹⁸

⁹AE B; AE C; AE D; Tr at 74-75.

¹⁰GE 15 at 1; GE 18.

¹¹GE 22; Tr at 32-37, 75.

¹²Tr at Tr at 32-33, 35-36, 83-84.

¹³GE 15 at 1, 3-5; GE 19. This creditor is the collection agency to which a number of unpaid traffic and parking fines were referred by various county and municipal courts on the fines alleged in SOR ¶¶ 1.o to 1.y.

¹⁴GE 15 at 1-3, 12-16.

¹⁵See also GE 1 at 29; GE 20.

¹⁶Tr at 38-39, 79-81; AE A through J.

¹⁷GE 21; GE 23. See Tr at 49-50. The \$69 alleged debt in SOR ¶ 1.u is actually \$60. GE 23 at 3.

¹⁸GE 3 at 10. The amount was reduced to \$133 in February 2007. GE 4 at 1.

Applicant earns \$6,200 per month in salary from his business. His wife does not work outside their home. They own some rental property which generates a negative monthly cash flow. Applicant did not know his net worth, or his monthly expenses since his wife manages their family budget. They continue to spend more than they earn each month for family expenses and costs of the building renovation. Applicant said they purchased their home for about \$400,000, paying \$50,000 down, and estimated its current value at \$500,000.¹⁹ His CBRs reflect six mortgages and home equity loans totaling \$853,700, with aggregate monthly payments of \$6,893, and \$2,157 in monthly car loan payments.²⁰

Applicant commutes some 2.5 hours each way to and from his office each day, and uses metered parking while working. Applicant admitted, and the Government documented, that he received at least 25 traffic violations and parking infractions since 2002.²¹ He further admitted that he continues to receive moving and parking violations on a regular basis.²² He chooses not to pay these fines when due, instead paying them only when necessary to obtain a new license.²³

Applicant submitted newspaper articles showing that he is a prominent figure in the small town where he lives, even to the point of having been a founder of a local bank, and that his financial problems are public knowledge there. He asserted that this shows he could not be subjected to coercion or duress over his debts because they are not secrets he is trying to conceal.²⁴

POLICIES

The revised AG that replaced Enclosure 2 of the Directive set forth adjudicative guidelines which must be considered in the evaluation of security suitability. In addition to brief introductory explanations for each guideline, the AG are divided into disqualifying conditions (DC) that may raise security concerns, and mitigating conditions (MC) that may reduce or negate security concerns. Applicable DCs and MCs must be considered in deciding whether to grant, continue, deny or revoke an individual's eligibility for access to classified information. Conditions that could raise a security concern and may be disqualifying, as well as those which would mitigate security concerns, are set forth and discussed in the conclusions section below.

An administrative judge need not view the adjudicative guidelines as inflexible, ironclad rules of law. Instead, acknowledging the complexities of human behavior, these guidelines are intended to be applied in conjunction with the factors set forth in the Adjudicative Process provision

¹⁹Tr At 59-64.

²⁰GE 3; GE 4.

²¹Applicant's response to SOR at 2; GE 5; GE 12; GE 21; GE 23.

²²Tr at 84-87.

²³Tr at 44-49, 83-84.

²⁴AE J; Tr at 39-44.

of the Directive,²⁵ to assist the administrative judge in reaching fair and impartial, common sense decisions.

The entire decision-making process is a conscientious scrutiny of a number of variables known as the "whole person concept." All available, reliable information about the person, past and present, favorable and unfavorable, should be considered in making a meaningful decision. The Adjudicative Process factors which an administrative judge should consider, in addition to the applicable guidelines, are: (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.

Protection of the national security is the paramount consideration, so the final decision in each case must be arrived at by applying the standard that issuance of a clearance must be clearly consistent with the interests of national security. Any doubt as to whether access to classified information is clearly consistent with national security must be resolved in favor of the national security.²⁶ In reaching this decision, I have drawn only those conclusions that are reasonable, logical and based on the evidence contained in the record. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

In the decision-making process, facts must be established by "substantial evidence."²⁷ The burden of producing evidence initially falls on the government to establish a case which demonstrates, in accordance with the Directive, it is not clearly consistent with the national interest to grant or continue an applicant's access to classified information. "Department Counsel is responsible for presenting witnesses and other evidence to establish facts alleged in the SOR that have been controverted."²⁸ "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 [Applicant] has the ultimate burden of persuasion as to obtaining a favorable clearance

²⁵AG ¶ 2.

²⁶*Id.*, at ¶¶ 2(b), 2(c).

²⁷"Substantial evidence [is] such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all the contrary evidence in the record." ISCR Case No. 04-11463 at 2 (App. Bd. Aug. 4, 2006) (citing Directive ¶ E3.1.32.1). "This is something less than the weight of the evidence, and the possibility of drawing two inconsistent conclusions from the evidence does not prevent [a Judge's] finding from being supported by substantial evidence." *Consolo v. Federal Maritime Comm'n*, 383 U.S. 607, 620 (1966). "Substantial evidence" is "more than a scintilla but less than a preponderance." *See v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994).

²⁸Directive ¶ E3.1.14.

decision.”²⁹ Once it has met its initial burden of production, the burden of persuasion (including any burden to disprove a mitigating condition) never shifts to the government.³⁰

A person who seeks access to classified information seeks to enter a fiduciary relationship with the government predicated upon trust and confidence. It is a relationship that transcends normal duty hours and endures throughout off-duty hours as well. It is because of this special relationship that 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. Decisions under this Directive include, by necessity, consideration of the possible risk an 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 10865 specifically provides that any adverse industrial security clearance decision shall be "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned," so the decision to deny an individual a security clearance is not necessarily a determination as to the loyalty of the applicant. It is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense have established for issuing a clearance.

CONCLUSIONS

As set forth in the Regulation, every recommended personnel security decision must be a fair and impartial overall common sense decision based on all available evidence, both favorable and unfavorable. The decision must be arrived at by applying the standard that the grant or continuance of a security clearance or access to classified information is clearly consistent with the interests of national security.

Guideline F: Financial Considerations

Financial considerations become a security concern when a person has significant delinquent debts. “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 or unethical acts to generate funds to meet financial obligations.”³¹

I have considered all the Financial Considerations Disqualifying Conditions (FC DC), and find that 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 situation and raise security concerns. His substantial delinquent financial obligations total more than \$1,235,000 and extend back at least

²⁹Directive ¶ E3.1.15.

³⁰ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005); “The Administrative Judge [considers] the record evidence as a whole, both favorable and unfavorable, evaluate[s] Applicant’s past and current circumstances in light of pertinent provisions of the Directive, and decide[s] whether Applicant ha[s] met his burden of persuasion under Directive ¶ E3.1.15.” ISCR Case No. 04-10340 at 2 (App. Bd. July 6, 2006).

³¹Regulation, Appendix 8, Guideline F ¶ 18.

seven years. He suffers a negative monthly cash flow and lost his credit financing for a real estate project that will require substantial additional investment before it yields any return. He is making some payments toward some of his delinquent debts each month, but is incurring additional debt, and is not in position to significantly reduce his indebtedness for many years. He would willingly satisfy his debts if he could, but he cannot. His three major unpaid creditors, including the IRS, have all filed liens against his property. No other FC DC applies.

I have considered all the Financial Considerations Mitigating Conditions (FC MC) that might apply to Applicant's inability to meet, and history of not meeting, his financial obligations. FC MC 20(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") does not apply since more than \$1.2 million in delinquent debt has still not been resolved, multiple debts over at least seven years were involved, and Applicant has not yet established a significant pattern of financial responsibility on which to predict any unlikelihood of recurrence.

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), and the individual acted responsibly under the circumstances") applies to some degree. Applicant bought into two bad business opportunities and lost significant money. He claims to be paying down some delinquent debts, but his monthly income from his main business is insufficient to meet monthly expenses. A large proportion of his delinquent debts predated either of those businesses, however, and were not explained.

FC MC 20(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") was not established by Applicant. No counseling was demonstrated, and the clear indications are that Applicant's financial difficulties are far from being resolved or under control.

FC MC 20(d) ("the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts") also does not apply to mitigate security concerns arising from his financial situation. He showed that he is making regular payments toward one major delinquent debt, and claimed without corroboration that he was making significant monthly payments toward two others. His credibility on this point is not good, given his claimed \$6,200 in monthly income, and over \$9,000 in monthly mortgage and car payments. Even if he were making all payments as claimed, it would be decades before his present delinquent debts were resolved.

Applicant did not dispute the legitimacy of any of his past-due debts,³² and no unexplained affluence concerns were raised, so FC MC 20(e) and 20(f) have no bearing in this case.

Guideline E: Personal Conduct

"Conduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations can raise questions about an individual's reliability, trustworthiness and ability to protect classified information. Of special interest is any failure to

³²Those debts that he originally contested have been reduced to final court judgments against him.

provide truthful and candid answers during the security clearance process or any other failure to cooperate with the security clearance process.”³³

I have considered all of the personal conduct disqualifying conditions (PC DC), and find that PC DC 16(d) (“credible adverse information that is not explicitly covered under any other guideline and may not be sufficient by itself for an adverse determination, but which, when combined with all available information supports a whole-person assessment of questionable judgment, untrustworthiness, unreliability, lack of candor, unwillingness to comply with rules and regulations, or other characteristics indicating that the person may not properly safeguard protected information. This includes but is not limited to consideration of: . . . (3) a pattern of dishonesty or rule violations”) applies to Applicant’s extensive record of traffic and parking infractions, as alleged in SOR ¶ 2.a. Applicant admitted to numerous and frequent citations for moving and parking violations, including driving without insurance, driving without a valid license, speeding, failure to obey traffic signals, and driving with expired license plates. He admitted he received more than 25 such traffic and parking citations from 2002 to 2005, as alleged. While these infractions do not rise to the level of criminal conduct under Guideline J, and standing alone might not sufficiently support an adverse determination, they evince a lengthy and consistent pattern of dishonesty³⁴ and rule violations. Applicant consistently placed his own desire to drive and park illegally over his obligation to respect and obey the state’s traffic laws. His unwillingness to comply with rules and regulations and questionable judgment raise security concerns under this guideline that must be considered, together with all available information, in a whole-person assessment of his trustworthiness and responsibility. No other PC DC applies.

I have considered all of the personal conduct mitigating conditions (PC MC). PC MC 17(a) and PC MC 17(b) address security concerns arising from falsifications, omissions or refusal to cooperate with the security clearance process, which have no bearing since such conduct was not alleged against Applicant.

PC MC 17(c) (“the offense was so minor, or so much time has passed, or the behavior is so infrequent, or it happened under such circumstances that it is unlikely to recur and does not cast doubt on the individual’s reliability, trustworthiness, or good judgment”) does not apply to Applicant’s conduct. Applicant’s pattern of frequent traffic and parking violations, followed by consistent failures to pay the resulting fines in a timely manner, represent a repeated flaunting of legal obligations that is not minor. This conduct was both recent and frequent, and continued even after Applicant was put on notice that such conduct raised security concerns. There is no mitigating evidence to support any judgment that recurrence is unlikely. The conduct casts continuing doubt on his judgment, trustworthiness and reliability.

PC MC 17(d) (“the individual has acknowledged the behavior and obtained counseling to change the behavior or taken other positive steps to alleviate the stressors, circumstances, or factors that caused untrustworthy, unreliable, or other inappropriate behavior, and such behavior is unlikely to recur”) was not asserted by Applicant, and there is no evidence to support it.

³³Regulation, Appendix 8, Guideline E ¶ 15.

³⁴The dishonesty aspect of this conduct arises from the implied assertion that one has met the state’s legal requirements to exercise the privilege of driving on its public roads and highways when operating a motor vehicle, and hoping not to get caught in violation when those requirements are not met.

PC MC 17(e) (“the individual has taken positive steps to reduce or eliminate vulnerability to exploitation, manipulation, or duress”) does not mitigate the security concerns here. Applicant argued that his citations were public knowledge, he was prominent in his community, and was not subject to blackmail as a result. This does not demonstrate the type of rehabilitated behavior contemplated by this PC MC, which is primarily intended to apply to mitigation of security concerns under PC DC 16 (e), not PC DC 16(d).

PC MC 17(f) (“the information was unsubstantiated or from a source of questionable reliability”) does not apply, since Applicant both admitted to these infractions and court records corroborate they occurred. PC MC 17(g) (“association with persons involved in criminal activity has ceased or occurs under circumstances that do not cast doubt on the individual’s reliability, trustworthiness, judgment, or willingness to comply with rules and regulations”) would apply to mitigate any security concerns under PC DC 16(g), which were not alleged in this case, but has no mitigating effect on concerns raised under PC DC 16(d).

Whole Person Analysis

I have considered the “whole person” concept in evaluating Applicant’s risk and vulnerability in protecting our national interests. The nature, extent, and seriousness of both his delinquent indebtedness and pattern of driving and parking violations is substantial. He knowingly failed to pay more than \$1,000,000 in taxes to the very government from whom he seeks access to protected information, and consistently flaunted his state’s traffic laws. The conduct involves multiple bad debts and numerous infractions over the past seven years or more, and continues unabated. Applicant is a mature, educated adult business owner who offered no reason he should not be considered accountable for his voluntary actions. He offered no evidence of rehabilitation or other permanent behavioral changes. In fact, he gave every indication that he would continue spending other people’s money and violating laws he considers insignificant as long as he remains able to do so. The motivation for this conduct appears to be a desire to appear prominent and affluent despite a lack of means to do so. Applicant’s enormous indebtedness in relation to his income, looming liens and other threats to his only assets, when combined with his at-best casual attitude toward meeting his legal obligations, create significant potential for pressure, coercion, exploitation and duress. The evidence shows that continuation and recurrence of these problems is highly probable. Accordingly, I do not find that Applicant has mitigated the security concerns raised by his financial considerations and personal conduct. It is not clearly in the interest of national security to grant him access to classified material.

FORMAL FINDINGS

Formal Findings For or Against Applicant on the allegations set forth in the SOR, as required by Paragraph 25 of Enclosure 3 of the Directive are:

Paragraph 1, GUIDELINE F:	AGAINST APPLICANT
Subparagraph 1.a:	Against Applicant
Subparagraph 1.b:	Against Applicant
Subparagraph 1.c:	Against Applicant
Subparagraph 1.d:	Against Applicant
Subparagraph 1.e:	Against Applicant
Subparagraph 1.f:	Against Applicant
Subparagraph 1.g:	Against Applicant
Subparagraph 1.h:	Against Applicant
Subparagraph 1.i:	For Applicant
Subparagraph 1.j:	For Applicant
Subparagraph 1.k:	Against Applicant
Subparagraph 1.l:	For Applicant
Subparagraph 1.m:	For Applicant
Subparagraph 1.n:	Against Applicant
Subparagraph 1.o:	Against Applicant
Subparagraph 1.p:	Against Applicant
Subparagraph 1.q:	Against Applicant
Subparagraph 1.r:	Against Applicant
Subparagraph 1.s:	Against Applicant
Subparagraph 1.t:	Against Applicant
Subparagraph 1.u:	Against Applicant
Subparagraph 1.v:	Against Applicant
Subparagraph 1.w:	Against Applicant
Subparagraph 1.x:	Against Applicant
Subparagraph 1.y:	Against Applicant
Subparagraph 1.z:	Against Applicant
Paragraph 2, GUIDELINE E:	AGAINST APPLICANT
Subparagraph 2.a:	Against 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. Clearance is denied.

David M. White
Administrative Judge