



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



In the matter of:)

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Applicant for Security Clearance)

) ISCR Case No. 12-06916
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Appearances

For Government: Daniel Crowley, Esq., Department Counsel
For Applicant: *Pro se*

01/18/2013

Decision

WESLEY, Roger C., Administrative Judge:

Based upon a review of the pleadings, exhibits, and testimony, I conclude that Applicant has not mitigated the security concerns regarding his finances. Eligibility for access to classified information is denied.

Statement of the Case

On August 1, 2012, the Department of Defense (DOD) issued a Statement of Reasons (SOR) detailing reasons why DOD adjudicators could not make the preliminary affirmative determination of eligibility for granting a security clearance. DOD recommended referral to an administrative judge to determine whether a security clearance should be granted, continued, denied, or revoked. This action was taken under Executive Order 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DOD Directive 5220.6, *Defense Industrial Personnel Security clearance review Program* (January 2, 1962), as amended (Directive); and the Adjudicative Guidelines (AGs) implemented by the Department of Defense on September 1, 2006.

Applicant responded to the SOR on August 17, 2012, and requested a hearing. The case was assigned to me on October 22, 2012, and was scheduled for hearing on November 15, 2012. The hearing was convened on that date. At hearing, the Government's case consisted of five exhibits (GEs 1-5). Applicant relied on three witnesses (including himself) and 15 exhibits (AEs A-O). The transcript (Tr.) was received on November 27, 2012.

Summary of Pleadings

Under Guideline F, Applicant allegedly accumulated (a) 16 consumer debts exceeding \$21,000; (b) a car repossession and deficiency totaling \$16,560; (c) a motorcycle repossession and deficiency totaling \$5,311; (d) a mortgage foreclosure on Applicant's first trust deed with a mortgage balance of \$292,000; (e) a mortgage foreclosure on Applicant's second trust deed with a mortgage balance of \$73,200; and (f) an outstanding judgment entered against Applicant in the amount \$1,142.

In his answer to the SOR, Applicant admitted all of the allegations. He claimed his listed medical and unsecured consumer debts reflect both medical and retail accounts he is seeking to discharge. He claimed his real estate mortgages were foreclosed upon due to interest rate adjustments and a 50 percent reduction in the value of their property. He claimed the alleged car repossession is now considered unsecured debt, which will be discharged legally and permanently without any attempts to qualify the amount owed the creditor. He claimed longstanding attempts to make "arrangements" with the creditors without any documentation to corroborate his attempts.

Findings of Fact

Applicant is a 28-year-old aircraft mechanic for a defense contractor who seeks a security clearance. The SOR allegations admitted by Applicant are incorporated and adopted as relevant and material findings. Additional findings follow.

Background

Applicant completed five years of active military duty with the Army in November 2007. (GE 1) He claims two years of college credits at a local college and no degree or diploma to date. (GE 1) Applicant married his wife in June 2006 and has two young children from this marriage and two older stepchildren. (GE 1 and AE K; Tr. 45, 54-57)

Finances

Following their marriage, both Applicant and his wife worked and kept their finances in stable order. (Tr. 76) They purchased a home in June 2006 for \$366,000 and financed their purchase with a \$292,000 first trust deed with creditor 1.n and a \$73,200 second trust deed with creditor 1.p. (GEs 2, 3, and 5 and AEs E, P, and Q; Tr. 76, 99) The interest rate on Applicant's first mortgage was adjustable and called for monthly payments of \$2,000. (GE 3; Tr. 107-108) His second mortgage also carried an

adjustable interest rate and called for monthly payments of \$725. (GE 3; Tr. 107-108) Both of the mortgages taken out by Applicant and his wife were considered purchase money mortgages. (GEs 2, 3, and 5 and AEs E and Q; Tr. 106)

In December 2006, Applicant's spouse broke her ankle in an automobile accident. (Tr. 46-47, 77) She and Applicant incurred considerable medical bills over the ensuing two years associated with her injuries. (GE 3) At the time, she was pregnant with her first child and could not take pain medications. (Tr. 77) When Applicant asked for additional days of leave to be with his wife, his Army commander denied his request and offered Applicant nonjudicial punishment (NJP) when he returned. (AE C; Tr. 79-80) Applicant accepted his commander's offer and was awarded NJP in December 2006. (GE 1; Tr. 80) Applicant accepted reduced rank and income.

In January 2007, Applicant deployed with a reduced rank and income. (Tr. 46-47) With his wife at home and receiving medical treatment for her pregnancy and therapy for her surgically repaired ankle (Tr. 76-77), Applicant encountered increased difficulty meeting his mortgage, vehicle, and medical/consumer payments in a timely way. (GE 3; Tr. 48-52, 80-81) By May 2007, he and his wife had stopped making payments on their first and second home mortgages. (GE 3) Upon completing his enlistment in November 2007, Applicant encountered difficulties finding work and fell further behind with his mortgage and vehicles. (GE 3) To conserve resources, he moved his wife and family into the home of his in-laws and took low-paying jobs. (Tr. 85-86)

Between January 2008 and February 2009, Applicant continued working in low-paying jobs that placed additional strains on his family's finances. (GE 3; Tr. 80-82) Financial pressures on their family resources were compounded by medical complications associated with his wife's pregnancy with their second child. (GE 3; Tr. 47-49)

In June 2008, Applicant and his wife encountered a break-in of their home and the ensuing loss of most of their belongings and possessions. (AE E; Tr. 83-86, 97-98) They considered filing for Chapter 7 bankruptcy protection, but belatedly decided against this course of action. Between Applicant and his wife (who left her job in May 2007), they earned just over \$24,000 a year in 2008 and could barely take care of their accruing medical bills. (Tr. 57, 88-89) As a result, they fell further behind with their mortgages and vehicle loans. (Tr. 88)

In September 2008, Applicant's first mortgage holder (creditor 1.n) foreclosed on his home mortgage and received sale proceeds of only \$80,000. Six months later, the lender resold the home for \$134,000. (AE Q) It is not clear from the documentation in evidence as to the status of Applicant's first and second mortgages with creditor 1.p. Credit reports (GEs 2 and 5) reveal no remaining balances for either of these delinquent mortgages. (GEs 2-3 and 5) The last reported loan balance on each of these home mortgages was \$292,800 on the first mortgage and \$73,200 on the second mortgage. (GEs 2 and 5)

In August 2005, while he was still on active military duty, Applicant purchased a motorcycle for around \$9,000. Payments on the motorcycle ran about \$150 a month. (GEs 2-3 and 5). And from 2005 through December 2006, he was current with his payments. However, in December 2006 he stopped making payments on the motorcycle, and in February 2007, the lender (creditor 1.o) repossessed the motorcycle. (GE 3) At the time of the repossession, Applicant owed approximately \$5,311 on the vehicle. (GE 3) Since the repossession, Applicant has not received any demand notices from creditor 1.o and has not made any payments towards the reported deficiency balance. (GEs 2 and 5) Because the reported \$5,311 balance does not reflect any credits from the creditor's presumed sale of the motorcycle, he initially disputed this debt. (GE 3) The credit reports in evidence do not show any credits from sale proceeds of the repossessed motorcycle, and there is nothing in the record to indicate whether the motorcycle was ever sold by creditor 1.o or its assigns.

For lack of any clarifications of the amount still owing on the creditor 1.o account (if any), the full extent of Applicant's obligations to this creditor is unknown. Because Applicant admits the debt in his answer and does not question the amount owed, Applicant is not factually absolved of the debt generally. All that is in question is the owed amount of the unresolved deficiency.

Applicant and his wife purchased an automobile in August 2006 for \$12,355 and financed the entire balance. (GE 3) Following his deployment in January 2007, they struggled to keep up with the car payments. The account became delinquent in February 2007 and was repossessed by creditor 1.m in March 2007 with a reported balance of \$16,560. (GEs 2-3 and 5) Applicant's credit reports do not reflect any credits to Applicant from the sale of the vehicle, and none can be inferred from the documentation in evidence. Since the automobile's repossession, Applicant has not received any demand notices from creditor 1.m and has not made any payments towards the deficiency balance on this account. (GEs 2-3 and 5). What remains of Applicant's dispute is the amount still owing on the loan balance.

Between 2006 and 2010, Applicant and his wife accumulated other delinquent debts, mostly unsecured medical and consumer debts. (GEs 2-3 and 5) The unsecured medical debts (creditors 1.a through 1.e and creditors 1.r through 1.u) associated with Applicant's wife's injuries resulting from her two accidents: one in 2006 and the other in April 2010. (GEs 2 and 3 and 5 and AE F and I; Tr. 55-56) Together, their medical debts exceed \$12,000 and remain mostly unaddressed and outstanding. (GEs 2-3 and 5)

Applicant's consumer accounts (all but one unsecured) created with creditors 1.d (\$323), 1.f (\$368), 1.g (\$160), 1.h (\$2,733), 1.i (\$614), 1.j (\$486), 1.k (\$1,273), and 1.l (\$4,067) exceed \$10,000 and to date have only been partially addressed by Applicant. The judgment debt covered by creditor 1.q (\$1,142) was taken against Applicant in April 2008 and has not been paid or addressed to date either. (GEs 2-3 and 5 and AE B) Applicant hopes to satisfy this judgment in the near term. (AE B) Only his consumer debts with creditors 1.f, 1.g, and 1.i are documented by Applicant as paid. (AE O; Tr. 104)

Concerning the disputed debt he has with creditor 1.h (\$2,733), Applicant claimed in his 2011 OPM interview that it is not his debt. (GE 3; Tr. 94, 102) The debt no longer appears on his most recent credit report. (AE O) Afforded a post-hearing opportunity to provide documented proof of the merits of his dispute with this creditor or why the debt was deleted from his credit report he could not do so. (GE 3 and AE P; Tr. 95) His post-hearing submission (AE P) contains a brief summary of a telephonic conversation he had with the creditor confirming resolution of his creditor dispute, but nothing substantive from the creditor. (AE P) Absent more details of his dispute with creditor 1.h, the debt must inferentially be treated as a disputed but potentially valid debt based on prior reports. (GEs 2 and 5).

Applicant's wife was a responsible caretaker for her father who was seriously ill and required her personal care. (AE G; Tr. 52) Due to her caretaker responsibilities, she was unable to complete her schooling, or work. (AEs G and H) Altogether, his wife was out of work for almost two years, and when she did earn part-time income during this period, her earnings were deducted from her unemployment benefits. (Tr. 61-62)

After his wife's father passed away in 2011, Applicant and his wife agreed to parent the two small children of his wife's sister and accepted them for a short period in September 2011 as their foster children. (AEs G, H, and L; Tr. 61) The children were returned to their home in August 2012. (Tr. 62) Caring for two additional children in their household placed extra strains on their finances.

Currently, Applicant nets around \$3,752 a month after deductions are computed. (GE 4; Tr. 56) His wife is still recuperating from back surgery associated with her 2010 automobile accident and has no immediate plans to return to work. (Tr. 61-62) Applicant has a net remainder each month of less than \$400 and is not in a position to pay on any of the remaining listed debts without jeopardizing his family's necessities. (Tr. 92-93)

Applicant and his wife continue to struggle with their delinquent medical and consumer debts and have not been financially able to address most of these debts to date. (GEs 3 and 4; Tr. 69-82) They consulted a financial counseling firm in August 2012 and have talked with a lawyer associated with the counseling firm about seeking Chapter 13 or Chapter 7 bankruptcy protections. (AEs M and N; Tr. 110-111) Applicant's lawyer is prepared to file a bankruptcy petition on Applicant's behalf as soon as Applicant provides the authorization. (Tr. 111) Applicant and his wife will carefully evaluate their legal options in consultation with their lawyer and make the decision that best protects his job and family within the next two months. (AE A; Tr. 110-111)

Endorsements

Applicant is well regarded by a former Army supervisor who is familiar with his work. (Tr. 65-67) This supervisor considered Applicant to be trustworthy and reliable in his military assignments. (Tr. 67) Applicant's Army fitness reports for 2006 are solid and included a promotion recommendation. (AE D)

Policies

The AGs list guidelines to be used by administrative judges in the decision-making process covering DOHA cases. These guidelines take into account factors that could create a potential conflict of interest for the individual applicant, as well as considerations that could affect the individual's reliability, trustworthiness, and ability to protect classified information.

These guidelines include "[c]onditions that could raise a security concern and may be disqualifying" (disqualifying conditions), if any, and many of the "[c]onditions that could mitigate security concerns." They must be considered before deciding whether or not a security clearance should be granted, continued, revoked, or denied. The guidelines do not require administrative judges to place exclusive reliance on the enumerated disqualifying and mitigating conditions in the guidelines in arriving at a decision. Each of the guidelines is to be evaluated in the context of the whole person in accordance with AG ¶ 2(c)

In addition to the relevant AGs, administrative judges must take into account the pertinent considerations for assessing extenuation and mitigation set forth in AG ¶ 2(a) of the AGs. AG ¶ 2(a) is intended to assist the judges in reaching a fair and impartial commonsense decision based upon a careful consideration of the pertinent guidelines within the context of the whole person. The adjudicative process is designed to examine a sufficient period of an applicant's life to enable predictive judgments to be made about whether the applicant is an acceptable security risk.

When evaluating an applicant's conduct, the relevant guidelines are to be considered together with the following AG ¶ 2(a) 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.

Viewing the issues raised and evidence as a whole, the following adjudication policy factors are pertinent herein:

Financial Considerations

The Concern: "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."

Adjudicative Guidelines, ¶ 18.

Burden of Proof

By virtue of the principles and policies framed by the AGs, a decision to grant or continue an applicant's security clearance may be made only upon a threshold finding that to do so is clearly consistent with the national interest. Because the Directive requires administrative judges to make a commonsense appraisal of the evidence accumulated in the record, the ultimate determination of an applicant's eligibility for a security clearance depends, in large part, on the relevance and materiality of that evidence. *See United States, v. Gaudin*, 515 U.S. 506, 509-511 (1995). As with all adversarial proceedings, the judge may draw only those inferences which have a reasonable and logical basis from the evidence of record. Conversely, the judge cannot draw factual inferences that are grounded on speculation or conjecture.

The Government's initial burden is twofold: (1) it must prove by substantial evidence any controverted facts alleged in the SOR, and (2) it must demonstrate that the facts proven have a material bearing to the applicant's eligibility to obtain or maintain a security clearance. The required materiality showing, however, does not require the Government to affirmatively demonstrate that the applicant has actually mishandled or abused classified information before it can deny or revoke a security clearance. Rather, the judge must consider and weigh the cognizable risks that an applicant may deliberately or inadvertently fail to safeguard classified information.

Once the Government meets its initial burden of proof of establishing admitted or controverted facts, the evidentiary burden shifts to the applicant for the purpose of establishing his or her security worthiness through evidence of refutation, extenuation, or mitigation. Based on the requirement of Exec. Or. 10865 that all security clearances be clearly consistent with the national interest, the applicant has the ultimate burden of demonstrating his or her clearance eligibility. "[S]ecurity-clearance determinations should err, if they must, on the side of denials." *See Department of the Navy v. Egan*, 484 U.S. 518, 531 (1988). And because all security clearances must be clearly consistent with the national interest, the burden of persuasion must remain with the Applicant.

Analysis

Applicant is an aircraft mechanic who accumulated numerous delinquencies in his mortgage and vehicle loans, as well as in his medical and consumer obligations following

his military discharge in November 2007. Since his Army discharge, he has lost his home to foreclosure and his motorcycle and automobile to repossession. Medical and consumer debts he and his wife incurred during extended periods of spousal physical rehabilitation and unemployment and Applicant underemployment have been minimally addressed to date. At this time, Applicant is exploring either Chapter 13 or Chapter 7 bankruptcy protections as the best course of action for him to take with the limited resources he has available to him.

Security concerns are raised under the financial considerations guideline of the AGs when an individual Applicant is so financially overextended as to indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, which can raise questions about the individual's reliability, trustworthiness, and ability to protect classified information, and place the person at risk of having to engage in illegal acts to generate funds. Applicant's accumulation of delinquent debts (based on produced credit reports and Applicant admissions) and his past inability to resolve these debts, either by payment, successful dispute, or a combination thereof, warrant the application of two of the disqualifying conditions (DC) of the Guidelines: ¶ DC 19(a), "inability or unwillingness to satisfy debts," and ¶19(c) "a history of not meeting financial obligations."

Holding a security clearance involves the exercise of important fiducial responsibilities, among which is the expectancy of consistent trust and candor. Financial stability in a person cleared to access classified information is required precisely to inspire trust and confidence in the holder of the clearance. While the principal concern of a clearance holder's demonstrated financial difficulties is vulnerability to coercion and influence, judgment and trust concerns are implicit in financial cases.

Extenuating circumstances are associated with some of Applicant's delinquent mortgage, medical, and consumer debts. Both he and his wife faced considerable financial stress from their extended periods of unemployment and underemployment and mounting medical and consumer debts. MC ¶ 20(b), "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, and the individual acted responsibly under the circumstances," is applicable to Applicant's situation.

To date, Applicant and his wife have made some payment progress with several of their smaller consumer accounts. But they still owe in excess of \$20,000 in proven delinquent medical and consumer debts (excluding the disputed creditor 1.h debt of \$2,733) and have an unpaid judgment against them in the amount of \$1,142. Further, they have already lost both their home and vehicles to foreclosure and repossession, respectively. Unable to meet the payment demands of his mortgage and vehicle loans, Applicant defaulted. Deficiencies ensuing from his mortgage foreclosure and vehicle repossessions in 2007 and 2008 have not been addressed by Applicant since he returned to full-time employment status.

Based on available information, the sale proceeds produced from the foreclosure of Applicant's residence left deficiency balances in excess of \$368,000 on his first and

second mortgages. Were Applicant's state of residence a resource state, he and his wife would be at risk of deficiency enforcement on these loan balances. However, neither the first nor second lien holders retain any visible deficiency rights under the non-judicial foreclosure procedures covered by the state's code of civil procedure, § 580b. Section 580b is fairly all encompassing as it pertains to debt instruments created to facilitate a purchase of a home in Applicant's state of residence.

Section 580b, properly construed, leaves little room for excluding mortgage instruments considered integral to the financing of the home in question. Where a borrower has used all or a portion of loaned funds secured by a second trust deed for upgrades not a part of the purchase of the home, the funds secured by the trust deeds in issue should still be considered purchase money mortgage instruments subject to § 580b's anti-deficiency bar. *Cf. Roseleaf Corp. V. Chieroghino*, 59 C. 2d 35, 39-42 (1963); *Prunty v. Bank of America*, 37 C.A. 3d. 430 (1974).

To be sure, a second trust deed holder of a loan or line of credit not related in any way to the borrower's purchase of the home, who retains no security following a foreclosure by the first trust deed holder, is entitled to sue for a deficiency as a sold-out junior lien holder. *See Brown v. Jensen*, 41. C. 2d 193, 195-198 (1953). A sold-out junior lien-holder may not take advantage of this exception, though, if its second trust deed has any connection to the borrower's purchase of his residence. *Brown's* holding, as such, is distinguishable from Applicant's situation. Accordingly, Applicant is at no risk of creditor enforcement of the remaining deficiencies on either of his foreclosed mortgages.

Security concerns over Applicant's finances remain, though, with respect to the deficiencies remaining on his vehicle repossessions and his delinquent medical and consumer debts. Progress in addressing these debts is lacking. Currently, Applicant is considering a bankruptcy course of action and has retained a bankruptcy attorney to assist him. This attorney is expected to take legal bankruptcy measures in the near future on Applicant's behalf.

Follow-up measures with Applicant's bankruptcy attorney were required of Applicant to satisfy the counseling, good-faith requirements of MC ¶ 20(c), "the person has received counseling for the problem and/or there are clear indications that the problem is being resolved or is under control" and the good-faith and due diligence repayment requirements of MC ¶ 20(d), "the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts," By the proofs presented, Applicant is absolved of any deficiency liability as the result of the foreclosure of the trust deeds on his home. He has paid off three of his listed debt delinquencies (creditors 1.f, 1.g, and 1.i) and is credited with a good-faith dispute of his listed creditor 1.h debt. So, of the roughly \$44,000 in listed unsecured debts (inclusive of the listed creditor 1.n and 1.o vehicle debts and creditor 1.q judgment debt), he has favorably disposed of no more than \$3,800 worth of listed indebtedness.

Much of Applicant's remaining debts are related to medical services and expenses accrued by his wife in connection with her two accidents and medical

complications stemming from her two pregnancies. Her accidents and pregnancies severely inhibited her ability to work. Still, Applicant retains a modest remainder every month and without any home mortgage or vehicle loans to manage, he has been in a position for some time to address his old debts with payments and repayment plan proposals with his creditors. His failure to address his remaining debts to date weakens his ability to mitigate the Government's debt concerns.

Historically, the Appeal Board has imposed good-faith repayment responsibilities on applicants who emerge from experiences that have restricted their abilities to pay their creditors. Framed differently, even if an applicant's financial difficulties initially arose, in whole or in part, due to circumstances outside his or her control, the judge can still consider whether the applicant has since acted in a reasonable manner when dealing with those financial difficulties. See ISCR Case No. 05-11366 at 4 n.9 (App. Bd. Jan. 12, 2007) (citing ISCR Case No. 03-13096 at 4 (App. Bd. Nov. 29, 2005); ISCR Case No. 99-0462 at 4 (App. Bd. May 25, 2000); ISCR Case No. 99-0012 at 4 (App. Bd. Dec. 1, 1999)). A key component is whether he or she maintained contact with creditors and attempted to negotiate partial payments to keep debts current. In Applicant's case, he has presented no evidence of his endeavoring to work out payment agreements or extensions with any of his unpaid creditors. With over \$44,000 in listed unpaid delinquent debts (including an outstanding judgment), concerns remain over the absence of any Applicant follow-through with most of his remaining creditors. Despite some initial counseling sessions, he has not to date concretized any workable budgets or plans to resolve his still unresolved debts.

So, under the circumstances of this case, Applicant can take very little advantage of either MC ¶ 20(c) or MC ¶ 20(d). For while an applicant need not have paid or resolved every one of his proven debts or addressed all of his debts simultaneously, he needs a credible plan to resolve his financial problems, accompanied by implementing actions. See ISCR Case No. 07-06488 (App. Bd. May 21, 2008)

To be sure, some of Applicant's debts appear to be time-barred by his state's pertinent statute of limitations (including any deficiency claims related to his vehicle repossessions). His state's statute of limitations for written contracts and open-ended accounts (like credit card debts) is four years. See § 337 of state's civil code. When applied, the state statute bars enforcement of debts over four years delinquent. Applicant has not asked for statute of limitations protection, and it is not available to him in any case under Appeal Board guidance. Over time, the Appeal Board has shown general consistency in disallowing applicant claims to mitigation based on charge-offs and limitation bars on debts previously unpaid due to cited extenuating circumstances. *Cf.* ISCR Case No. 07-16427 at 3-4 and n.6 (App. Bd. Feb. 4, 2010); ISCR Case No. 08-01122 at 5 and n. 3 (App. Bd. Feb. 9, 2009) No different application of the mitigation guidelines are warranted in Applicant's situation.

Consideration of Applicant's background and circumstances surrounding his debt accumulations, his wife's lengthy rehabilitation and associated unemployment, his own unemployment and underemployment periods, his limited income sources, and his lack

of follow-up efforts in pressing his bankruptcy attorney to file a bankruptcy petition on his behalf, makes it difficult to credit Applicant with the degree of good judgment, reliability, and trustworthiness necessary to mitigate security concerns about his finances at this time. Applicant's corrective efforts taken to date, while encouraging, are insufficient to enable him to meet his evidentiary burden of mitigating the listed debts.

From a whole-person standpoint, the evidence is insufficient to demonstrate that Applicant has mounted sufficient good-faith efforts to resolve his debts. While his military service is commended and respected, his lack of any concrete plan to address his identified delinquent medical and consumer debts deprives Applicant of sufficient probative evidence to surmount debt concerns when making an overall trust assessment of Applicant's clearance eligibility.

In making a whole-person assessment, careful consideration was given to the respective burdens of proof established in *Egan (supra)*, the AGs, and the facts and circumstances of this case in the context of the whole person. Unfavorable conclusions warrant with respect to the allegations covered by subparagraphs 1.a through 1.e, 1.h, 1.j through 1.m, 1.o, and 1.q through 1.u. Favorable conclusions warrant with respect to subparagraphs 1.f, 1.g, 1.i, 1.n, and 1.p.

Formal Findings

In reviewing the allegations of the SOR and ensuing conclusions reached in the context of the findings of fact, conclusions, conditions, and the factors listed above, I make the following formal findings:

GUIDELINE F: (FINANCIAL CONSIDERATIONS):	AGAINST APPLICANT
Subparagraphs 1.a through 1.e, 1.h, 1.j through 1.m, 1.o, and 1.q through 1.u:	Against Applicant
Subparagraphs 1.f, 1.g, 1.i, 1.n, and 1.p:	For Applicant

Conclusions

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 Applicant's security clearance. Clearance is denied.

Roger C. Wesley
Administrative Judge

