



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



In the matter of:)
)
 REDACTED) ISCR Case No. 12-09813
)
 Applicant for Security Clearance)

Appearances

For Government: Stephanie C. Hess, Esq., Department Counsel
For Applicant: Alice Inman-Morgan, Personal Representative

05/11/2016

Decision

MATCHINSKI, Elizabeth M., Administrative Judge:

Applicant’s spouse mismanaged their credit card accounts. Approximately \$42,647 in his delinquent credit debt has been paid in full or settled, largely with 401(k) funds. He believes he settled another \$21,653 charged-off credit card debt for \$7,961 in 2012, but the evidence suggests that he still owes \$18,653 on the account. Applicant and his spouse have taken positive steps to reduce their debt burden and are not continuing to incur any new delinquencies. Clearance is granted.

Statement of the Case

On May 15, 2015, the Department of Defense Consolidated Adjudications Facility (DOD CAF) issued a Statement of Reasons (SOR) to Applicant, detailing the security concerns under Guideline F, Financial Considerations, and explaining why it was unable to find it clearly consistent with the national interest to grant or continue security clearance eligibility for him. The DOD CAF took the action under Executive Order 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security*

Clearance Review Program (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective within the DOD on September 1, 2006.

On June 16, 2015, Applicant answered the SOR allegations and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). On October 27, 2015, the case was assigned to me to conduct a hearing to determine whether it is clearly consistent with the national interest to grant or continue a security clearance for him. On October 27, 2015, I scheduled a hearing for November 20, 2015. On November 17, 2015, Applicant's spouse, a law school graduate not engaged in the practice of law, entered an appearance on behalf of Applicant.

I convened the hearing as scheduled. Four Government exhibits (GEs 1-4) and one Applicant exhibit (AE A) were admitted into evidence without objection. Department Counsel's letter of October 13, 2015, forwarding discovery of Government exhibits 1-4, was marked as a hearing exhibit (HE 1) for the record but was not admitted as an evidentiary exhibit. The Government waived sequestration of Applicant's spouse, who testified and served as his personal representative. Applicant also testified, as reflected in a hearing transcript (Tr.) received on December 3, 2015.

I held the record open initially to December 20, 2015, for post-hearing submissions from Applicant. On December 20, 2015, Applicant's spouse forwarded by email a file containing several documents and a large file of archived statements via Dropbox. On December 21, 2015, I marked for identification nine accessed documents as AEs B through J and notified the parties of a January 8, 2016 deadline for comment or objections from the Government to proposed exhibits B-J. I also informed the parties that I had been unable to access two images dated July 25, 2012, or the Dropbox containing archived statements. The record was held open to January 15, 2016, for Applicant to submit documentation in an accessible format of the phone notes captured in the images and of the archived statements.

On January 14, 2016, Applicant submitted phone screen shots (AE K) and three sets of bank statements (AEs L-N). I received the documents on January 29, 2016, and provided a copy to Department Counsel with a deadline of February 10, 2016, for any comments or objections. No objections were received to AEs B-N by the respective deadlines. The documents were accepted into the record as evidentiary exhibits.

Findings of Fact

The SOR alleges under Guideline F that Applicant owed a charged-off debt of \$18,653 (SOR ¶ 1.a) and a \$3,807 collection debt (SOR ¶ 1.b) as of May 15, 2015. Applicant denied both debts when he answered the SOR allegations. He expressed his belief that the debt in SOR ¶ 1.a had been satisfied as of August or September 2012 and that he had settled the debt in SOR ¶ 1.b on April 20, 2015. After considering the pleadings, exhibits, and transcript, I make the following findings of fact.

Applicant is a 52-year-old engineer with a bachelor's degree awarded in May 1995. He began working for a defense contractor in July 1996 and stayed on following a corporate acquisition by his current employer. (Tr. 32-33.) He served in the U.S. military with a secret clearance from April 1983 to June 1988, and he has held a secret clearance for most of his employment with the defense contractor. (GE 1; Tr. 18-19.)

Applicant and his spouse married in September 2000. During the early years of their marriage, Applicant opened several consumer credit accounts in his name. (GE 4.) Applicant's spouse is a self-employed translator, and she spent much of 2005 and 2006 in Europe for her work. (GE 1; Tr. 27.) After Applicant's spouse returned from Europe in 2007, she handled the household finances because of Applicant's long hours at work. (Tr. 15, 26, 43.) Applicant exercised little oversight with regard to debt payments or debts incurred. (Tr. 17, 34.) His spouse, who came into the marriage with a lot of debt and had poor spending habits during the first four years of their marriage, was not fully forthcoming with him about her difficulties managing their debt payments. (Tr. 44, 55.)

In mid-June 2008, Applicant's mother-in-law and her husband were involved in a serious car accident. Applicant's spouse took three separate trips to see her mother from June 14, 2008, through July 30, 2008. (AE J; Tr. 36-37, 43.) She spent \$7,210 for her transportation, hotel, and mother's needs, relying on credit cards for at least \$5,000 to \$6,000 of the expense. (AE B; Tr. 43.) In 2008 or 2009, Applicant's spouse bought a vehicle for \$9,000 with cash advances from a credit card. (Tr. 44.) She did not have a good handle on her spending. (AEs L-N.) After she missed a payment on one of Applicant's accounts, "interest rates started skyrocketing on all of [their] accounts." (Tr. 34.) For example, the monthly payment on one of Applicant's credit cards went from \$275 to almost \$900. (Tr. 38-39, 44, 62.) At the time, Applicant's annual income was approximately \$110,000 to \$120,000. (Tr. 35.) Applicant apparently knew about the increase in interest rates on some credit cards in 2009 and that they were "drowning in debt." (AE J.) Some consumer credit accounts became seriously delinquent when his spouse could no longer manage the payments. In addition, Applicant routinely incurred a late fee of \$50 per month on his mortgage loan because his spouse had trouble managing their bills in relation to his payments. (GE 4; Tr. 59.)

On June 1, 2012, Applicant completed and certified to the accuracy of a Questionnaire for National Security Positions (SF 86). In response to inquiries concerning any delinquency involving routine accounts in the last seven years, Applicant disclosed one \$180 check drafted on an account that had been closed automatically when the balance fell below the minimum required to keep it open. He indicated that the check was paid in December 2011, but that it went to a collection agency due to the creditor not recording the payment. (GE 1.)

A check of Applicant's credit on June 7, 2012, showed some delinquent credit card accounts, including several not alleged in the SOR.¹ Debts not alleged in the SOR cannot provide a basis for disqualification. However, they are relevant for other purposes. The DOHA Appeal Board has long held that the administrative judge may consider non-alleged

¹ The Government did not allege any deliberate falsification for failure to list the debts.

conduct to assess an applicant's credibility; to evaluate an applicant's evidence of extenuation, mitigation, or changed circumstances; to consider whether an applicant has demonstrated successful rehabilitation; to decide whether a particular provision of the Adjudicative Guidelines is applicable; or to provide evidence for a whole-person analysis under Section 6.3 of the Directive. See, e.g., ISCR Case No. 09-07219 (App. Bd. Sep. 27, 2012.) Applicant was making timely payments on a \$15,000 line of credit with a balance of \$14,285, but Applicant's debt on past-due accounts totaled approximately \$47,861. At one point, Applicant's and his spouse's credit card and loan debt exceeded 60% of their income. (AE G.) On August 1, 2012, Applicant borrowed \$46,050 from his 401(k) to resolve some of his debts. (AEs E, G; Tr. 23, 45.) Details about his accounts and payments are as follows:

\$18,653 charged-off account (SOR ¶ 1.a)

This line of credit became past due in August 2010. As of May 2012, the account was past due with a balance of \$19,403. Available credit reports show that the account had been charged off for \$21,653 and closed at the creditor's request. (GEs 2-4.) A screen shot of Applicant's spouse's phone indicates that she had contact with the lender on September 7, 2011, about repaying a \$19,903 balance at \$250 per month. (AE K.) As of October 2015, the creditor was reporting no payments since August 2012 toward an \$18,653 balance. (GE 2.)

Applicant and his spouse believe that the debt was settled for a lump-sum payment of \$7,961 in August 2012 with money borrowed from his 401(k). (AE J; Tr. 15, 23, 47. 64-65.) They dispute an outstanding balance with the creditor, who had been unable to produce any record of the debt as of December 2015. (Tr. 50-52.) Archived bank statements submitted by Applicant after his hearing failed to corroborate his settlement of the debt. Applicant's spouse submitted a formal request of the creditor to research the account, but she suspects she will have to arrange for repayment. (AE B.) She indicated on January 14, 2016, that they would be making a payment toward the debt around January 22, 2016.

\$3,807 collection debt (SOR ¶ 1.b)

A \$50,000 loan obtained in 2007 was current as of May 2012 with a \$12,099 balance, but it had been 30 days past due three times in 2011. They paid \$5,000 toward the debt in 2012 with some of the funds borrowed from Applicant's 401(k), which lowered their monthly payments to around \$500. (Tr. 45-46.) A \$3,719 balance was charged off and placed for collection in September 2013. With only months left on the loan, Applicant's spouse overlooked it. (AE G.) As of September 2014, the past-due balance was \$3,807. (GE 3.) Around April 2015, the assignee filed for a judgment of \$3,812.16 against Applicant. (GE 2; AEs A, G.) On April 10, 2015, the creditor agreed to accept \$2,600 in settlement if paid by April 20, 2015. Applicant and his spouse paid \$2,600 cash on April 20, 2015, to settle the debt. (AEs A, F; Tr. 25.)

\$21,800 charged-off credit card (not alleged in SOR)

After Applicant's spouse missed a payment on this credit card in July or August 2008, the card issuer accelerated the interest rate on the unpaid balance from 12.99% to 29.98% to where they could no longer make the payments. (AEs H, J; Tr. 62-63.) Around 2011, a \$21,800 balance was charged off and placed for collection. (GEs 2-4.) Applicant's spouse arranged for repayment under a five-year plan. As of May 2012, the account had a collection balance of \$15,410. Payment records reflect repayment at \$468 per month as of the summer of 2012. (AEs L-N; Tr. 63.) As of October 2014, the balance remaining was \$4,631. (GE 3.) In February or March 2015, Applicant's spouse arranged for automatic payments to resolve the debt before the end of the year. By October 2015, Applicant owed only \$650 on the account. (GE 2.) The debt was satisfied with a final payment on November 9, 2015. (AE B; Tr. 63-64.)

\$13,048 credit card balance past due 60 days (not alleged in SOR)

This credit card account first became delinquent in June 2010. It was past due 60 days with a \$13,048 balance as of May 2012. They paid \$1,086 on July 19, 2012, and \$5,000 on August 20, 2012. (AEs L, M.) As of October 2014, Equifax was reporting that the account had been settled for less than its full balance after it had been charged off. (GE 3.)

\$4,190 credit card balance (not alleged in SOR)

This credit card account was current as of May 2012 with a balance of \$4,190, but it had been past due 30 days previously. The account became delinquent in July 2012 and was eventually charged off for \$4,080. In August 2013, Applicant settled the charged-off debt for less than its full balance. (GEs 2-4.)

As of October 2014, Applicant's mortgage loan was \$9,092 past due on a monthly payment of \$1,514. (GEs 2, 3.) Applicant accepted an offer of a loan modification, and there was some delay in the paperwork. (Tr. 59-60.) Since November 2014, Applicant has been paying \$1,206 per month on his modified mortgage. (GE 2; Tr. 30-31.) He has since been current in his payments. As of October 2015, the balance of the mortgage loan was \$164,543. Applicant had an open line of credit account with a balance of \$14,796 that he had opened in 2001. In September 2015, he paid \$600 on the account. His scheduled payments are \$299 per month. Available credit reports show that Applicant has not obtained a credit card or loan in his name since December 2007. (GEs 2-4.)

As of late August 2015, Applicant and his spouse were making \$300 monthly payments on her two credit cards and on his open line-of-credit account (balance \$14,796). (GE 2; AE C.) They calculated that they had \$4,318 in net monthly discretionary income after these payments and monthly expenses. (AE C.) However, that figure is likely inaccurate, in that it included only \$250 for utilities. A separate listing of recent monthly payments shows costs of \$250 for cable services, \$140 for cell phone services, and \$150 for electricity. (AE D.)

Applicant's base salary is approximately \$145,000 annually, although with overtime, he earns an additional \$7,000 to \$9,000 before taxes. (Tr. 31.) His spouse's income is minimal, if anything. (Tr. 27.) Since August 2015, Applicant and his spouse have been depositing close to \$500 a week into separate savings accounts for household bills and unexpected expenses. (Tr. 29, 52-53.) As of November 20, 2015, they had saved \$2,500 to \$3,000 for emergencies. With the holiday and \$1,800 in non-covered dental expenses, they had "just under \$3,000 in one account and \$1,200 [in] the other" as of mid-December 2015. (AE B.) They also set up electronic payments for their recurring bills so that they are paid on time. (Tr. 53.) His spouse still handles the bill payments (Tr. 34), although Applicant is aware of the details of their household budget. (Tr. 28-29.)

Applicant has been repaying his 401(k) loan at \$196.68 per week. As of December 18, 2015, he owed a principal balance of \$16,507.42. The loan is scheduled to be paid off in mid-August 2017. (AE E.) The balance of Applicant's 401(k) account at work is approximately \$230,000. (Tr. 31.) Applicant and his spouse are paying \$295 per month toward delinquent taxes of \$11,500. (AE D.) Applicant testified that the income tax debt was incurred because of a disbursement of the 401(k) funds in 2011 with his previous employer, which went toward debts.²

Policies

The U.S. Supreme Court has recognized the substantial discretion the Executive Branch has in regulating access to information pertaining to national security, emphasizing that "no one has a 'right' to a security clearance." *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are required to be considered in evaluating an applicant's eligibility for access to classified information. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with the factors listed in the adjudicative process. The administrative judge's overall adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), the entire process is a conscientious scrutiny of a number of variables known as the "whole-person concept." The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that "[a]ny doubt concerning personnel being considered for access to classified information will be resolved in favor of national security." In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. Under Directive ¶ E3.1.14, the Government must present evidence

² Applicant testified that before he borrowed from his current 401(k), he took a disbursement from his 401(k) accrued with his previous employer. He received approximately \$32,000 that went toward accrued debt. (Tr. 32-33, 45.)

to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, the applicant is responsible for presenting “witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel. . . .” The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. Decisions include, by necessity, consideration of the possible risk that the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about potential, rather than actual, risk of compromise of classified information. Section 7 of Executive Order 10865 provides that decisions shall be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See *also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F, Financial Considerations

The security concerns about financial considerations are set forth in AG ¶ 18:

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.

Applicant exercised little oversight of his spouse’s management of their finances or of her spending habits, with negative consequences to his personal credit. After taking a disbursement of \$32,000 from his 401(k) account with a previous employer, some of which went to reduce credit card debt, Applicant still owed non-mortgage credit balances of approximately \$78,435 as of May 2012. Some \$42,647 of that debt was or would become delinquent. On August 1, 2012, Applicant borrowed \$46,050 from his 401(k) with his current employer that he used to pay or settle most of his delinquent debts. However, a balance of \$18,653 on a charged-off account has not been resolved to the lender’s satisfaction (SOR ¶ 1.a). In addition, a \$3,807 credit card balance went to collection in September 2013 due to his spouse’s oversight (SOR ¶ 1.b). Applicant settled that debt with a lump-sum payment of \$2,600 on April 20, 2015, after the assignee had filed for a judgment. Three disqualifying conditions under AG ¶ 19 are established:

(a) inability or unwillingness to satisfy debts;

(c) a history of not meeting financial obligations; and

(e) consistent spending beyond one's means, which may be indicated by excessive indebtedness, significant negative cash flow, high debt-to-income ratio, and/or other financial analysis.

Concerning AG ¶ 19(e), some of the debt was for unexpected expenses for his spouse's trips in 2008 after her mother's accident. However, some of the debt was due to his spouse's overspending. Applicant's spouse may not have been completely forthcoming about her difficulties in managing their debt payments, but Applicant also bears some responsibility for allowing non-mortgage debt to accrue to more than 60% of their income. He opened large lines of credit in his name, including the account in SOR ¶ 1.a, and he gave his spouse access to his credit with little oversight.

Mitigating condition AG ¶ 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," applies only in that the overreliance on consumer credit has not been recent. Available credit records show Applicant last opened a credit card or loan account in December 2007, when he opened a \$50,000 line of credit. His mother-in-law's accident is a circumstance that is unlikely to recur, but his spouse's costs for her travel and mother's needs totaled only \$7,210, and were minimal in comparison to their overall consumer credit debt.

Applicant's mother-in-law's accident is a circumstance contemplated within AG ¶ 20(b), which provides:

(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.

Yet, the evidence overwhelmingly indicates debt caused by a failure to live within one's means. To the extent that some of Applicant's debt was the result of acceleration in interest rates on unpaid balances, Applicant was presumably notified of account terms when he opened the accounts or of any changes to the terms. Late payments were a matter within his and his spouse's control. AG ¶ 20(b) has limited applicability in this case.

There is mitigating evidence in that Applicant and his spouse began taking steps to address their unmanageable debt burden even before he borrowed \$46,050 from his current 401(k). Payments were made to reduce a \$21,800 charged-off credit card balance to \$15,410 as of May 2012, \$4,631 as of October 2014, and \$650 as of October 2015. His spouse testified credibly that she paid off that debt in November 2015. They made a \$1,086 payment in July 2012 and a \$5,000 payment in August 2012 on another credit card account before settling it for less than its full balance around January 2013. In August

2013, they settled a \$4,080 charged-off balance on another account. Concerning the debts alleged in the SOR, Applicant's spouse paid \$5,000 toward his account in SOR ¶ 1.b in 2012 to reduce the monthly payment to approximately \$500. Applicant's spouse subsequently overlooked the debt, and it was charged off in September 2013 for \$3,719. After the collection agency filed for a judgment in April 2015, Applicant and his spouse paid \$2,600 cash to settle the debt. As of the issuance of the SOR in May 2015, only one delinquent account on Applicant's record, the debt in SOR ¶ 1.a, had not been resolved. Mitigating condition AG ¶ 20(d), "the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts," applies because of these debt payments.

Concerning AG ¶ 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," there is no evidence that Applicant or his spouse has had counseling for their debt issues. AG ¶ 20(c) applies to those debts that have been paid or settled for less than what was owed, including the account in SOR ¶ 1.b. However, as to the debt in SOR ¶ 1.a, available credit records show a last payment in August 2012, which is when Applicant believes that he and his spouse paid \$7,961 to settle the debt. Archived bank statements (AEs L-N) showed payments toward other delinquent debts in 2012, but they did not corroborate the claimed settlement. I cannot find that the debt has been resolved when his credit report shows an \$18,653 balance and no payments since 2012. Applicant did not provide the documentation needed to satisfy AG ¶ 20(e), which provides:

(e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue.

After reviewing their bank statements from July 14, 2012, through October 12, 2012 (AEs L-N), Applicant's spouse concedes they will have to make payments toward the debt in SOR ¶ 1.a. She indicated on January 14, 2016, that they would be making a payment toward the debt around January 22, 2016. The DOHA Appeal Board has held that promises to make payments are not a substitute for a track record of payments or otherwise acting in a financially responsible manner. *See, e.g.*, ISCR 14-04565 (App. Bd. Sep. 18, 2015.) Even so, Applicant and his spouse showed that they can be counted on to make monthly payments toward debts, as evidenced by their track record of repayment on the \$20,811 charged-off credit card debt, or to make a lump-sum payment in settlement.

Concerning Applicant's financial stability going forward, in addition to the \$18,653 debt (SOR ¶ 1.a), he is obligated to repay the \$11,500 tax liability from cashing out his old 401(k) and the \$16,507 remaining principal of his current 401(k) loan. He also has a \$15,000 open line of credit, which had a balance of \$14,796 as of September 2015. The 401(k) loan repayment at \$196.68 per week is being automatically withdrawn from his pay. Applicant and his spouse have been paying \$295 per month toward the tax debt, although it is unclear when repayment started. Applicant's credit report shows one missed payment, in February 2015, on his \$15,000 line of credit. It is not clear why his account became 30 days past due. His annual income of \$145,000 should be sufficient to cover his debt

payments. Evidence of even one missed payment causes some concern in light of his delinquency history. So too, the balance of the line of credit has remained consistently near its credit limit,³ which suggests an ongoing reliance on this line of credit or interest-only payments. Applicant's spouse continues to handle the family's finances, despite her demonstrated inability in the past to make timely payments. However, in August 2015, she arranged for automatic payments of most of their debts to ensure timely debt payments. Applicant has made substantial progress through legal means to regain financial stability. He has not opened any new credit card accounts or obtained any new loans since December 2007. These changes in his and his spouse's financial habits are mitigating of a history of overuse of consumer credit.

Whole-Person Concept

Under the whole-person concept, the administrative judge must consider the totality of an applicant's conduct and all relevant circumstances in light of the nine adjudicative process factors in AG ¶ 2(a).⁴ The analysis under Guideline F is incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(a) were addressed under those guidelines, but some warrant additional comment.

Applicant's spouse was not completely forthcoming about their finances, so he may well not have known that some accounts were seriously delinquent. Even so, post-hearing submissions included a timeline (AE J) which indicates that he knew about the increase in interest rates on some cards in 2009 and that they were "drowning in debt." It shows that his spouse took the lead in arranging for repayment or settlement of delinquencies, but he was apparently involved in discussions about the best avenue for them to address their sizeable debt burden.

The DOHA Appeal Board has held that an applicant is not required to establish that he has paid off each debt in the SOR, or even that the first debts paid be those in the SOR.⁵ See ISCR 07-06482 (App. Bd. May 21, 2008). Applicant and his spouse have made

³ As of May 2012, the account had a balance of \$14,285. As of September 2014, the balance was \$14,867. As noted, his latest credit report in evidence shows a \$14,796 balance. (GEs 2-4.)

⁴ The factors under AG ¶ 2(a) are as follows:

(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.

⁵ The DOHA Appeal Board stated in ISCR Case No. 07-06482, decided on May 21, 2008, in part:

In evaluating Guideline F cases, the Board has previously noted that the concept of "meaningful track record" necessarily includes evidence of actual debt reduction through payment of debts." See, e.g., ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007). However, an applicant is not required, as a matter of law, to establish that he has paid off

significant progress in reducing their debt-to-income ratio since 2012 by satisfying in full or settling several delinquencies not listed in the SOR. There is no evidence that the creditor in SOR ¶ 1.a has pursued collection, but Applicant and his spouse also understand the importance to Applicant's clearance eligibility that they continue to follow up and make payments if the creditor's investigation does not corroborate the settlement. Security decisions are not intended as punishment for past shortcomings. Approval of a clearance now would not bar the government from re-validating Applicant's financial status at any time through credit reports, investigation, or additional interrogatories, and revoking Applicant's clearance, if warranted. Applicant benefitted from the delay in issuance of the SOR in this case in that it gave him the opportunity to rectify his personal finances. He did not wait for the issuance of the SOR to address his debts. After considering all the facts and circumstances, I conclude it is clearly consistent with the national interest to continue his security clearance eligibility.

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

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is granted.

Elizabeth M. Matchinski
Administrative Judge

each and every debt listed in the SOR. See, e.g., ISCR Case No. 02-25499 at 2 (App. Bd. Jun. 5, 2006). All that is required is that an applicant demonstrate that he has “. . . established a plan to resolve his financial problems and taken significant actions to implement that plan.” See, e.g., ISCR Case No. 04-09684 at 2 (App. Bd. Jul. 6, 2006). The Judge can reasonably consider the entirety of an applicant's financial situation and his actions in evaluating the extent to which that applicant's plan for the reduction of his outstanding indebtedness is credible and realistic. See Directive ¶ E2.2(a) (“Available, reliable information about the person, past and present, favorable and unfavorable, should be considered in reaching a determination.”) There is no requirement that a plan provide for payments on all outstanding debts simultaneously. Rather, a reasonable plan (and concomitant conduct) may provide for the payment of such debts one at a time. See, e.g., ISCR Case No. 06-25584 at 4 (App. Bd. Apr. 4, 2008). Likewise, there is no requirement that the first debts actually paid in furtherance of a reasonable debt plan be the ones listed in the SOR.