



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



In the matter of: )  
 )  
----- ) ADP Case No. 12-12222  
 )  
Applicant for Public Trust Position )

**Appearances**

For Government: Tara R. Karoian, Esq., Department Counsel  
For Applicant: *Pro se*

12/07/2015

**Decision**

HARVEY, Mark, Administrative Judge:

Applicant’s statement of reasons (SOR) alleges 25 delinquent or charged-off debts and collection accounts totaling \$35,768. She admitted responsibility for 22 delinquent or charged-off debts and collection accounts totaling \$34,980. Applicant did not provide sufficient evidence of progress paying or otherwise resolving her delinquent debts. Her eligibility to occupy a public trust position is denied.

**Statement of the Case**

On August 2, 2012, Applicant submitted an Electronic Questionnaires for Investigations Processing (e-QIP) (SF 86). (Item 3) On May 9, 2015, the Department of Defense (DOD) Consolidated Adjudications Facility (CAF) issued an SOR to Applicant, pursuant to DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive), dated January 2, 1992, as amended, and modified; DOD Regulation 5200.2-R, *Personnel Security Program*, dated Jan. 1987, as amended (Regulation); and the adjudicative guidelines (AG), which became effective on September 1, 2006.

The SOR alleges trustworthiness concerns under Guideline F (financial considerations). (Item 1) The SOR detailed reasons why DOD was unable to find that it is consistent with the national interest to grant or continue Applicant’s eligibility to

occupy a public trust position, which entails access to sensitive information. (Item 1) The DOD CAF recommended referral to an administrative judge to determine whether access to sensitive information should be granted, continued, denied, or revoked.

On June 15, 2015, Applicant responded to the SOR allegations, and she requested a decision without a hearing. (Item 1) A complete copy of the file of relevant material (FORM), dated July 27, 2015, was provided to her on August 26, 2015.<sup>1</sup> The FORM included six exhibits, which were admitted without objection. (Items 1-6) Applicant provided a timely response to the FORM. (pages (pg.) 1-33; Hearing Exhibit (HE) 1) The case was assigned to me on November 7, 2015. I issued a decision on November 21, 2015; however, I had not received and did not consider the documents Applicant provided in response to the FORM. (HE 1) Applicant did not provide notice of appeal to the DOHA Appeal Board. Department Counsel requested that I retain jurisdiction of Applicant's case and consider Applicant's FORM response. (HE 2) My decision of November 21, 2015, is vacated. I am considering Applicant's FORM response and this case *de novo*. Applicant was informed that the decision was vacated on November 30, 2015. (HE 1)

### **Findings of Fact<sup>2</sup>**

In her Answer to the SOR, Applicant admitted the SOR allegations in ¶¶ 1.a-1.j, 1.m, and 1.o-1.y. (Item 2) She denied the other SOR allegations. She also provided mitigating information. Her admissions are accepted as findings of fact.

Applicant is a 55-year-old medical claims processor who has been employed by a defense contractor since 1989.<sup>3</sup> In 1982, she graduated from college and received a bachelor's degree. In 1989, she married her spouse. In 1993 and 1995, her children were born. She has never served in the military. She has held a public trust position for the previous 10 years. There is no evidence of felony or misdemeanor charges, alcohol abuse, use of illegal drugs, or rule violations.

### **Financial Considerations**

Applicant's August 2, 2012 SF 86 disclosed five negative financial issues: (1) a charged-off credit card debt for \$621—Applicant said she would “setup payment arrangements”; (2) an automotive collection account for \$5,315—Applicant said she “will ask for settlement option”; (3) a charged-off credit card debt for \$576—Applicant said

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<sup>1</sup>The Defense Office of Hearings and Appeals (DOHA) transmittal letter is dated August 14, 2015, and Applicant's receipt is dated August 26, 2015. The DOHA transmittal letter informed Applicant that she had 30 days after her receipt to submit information.

<sup>2</sup>Some details have been excluded in order to protect Applicant's right to privacy. Specific information is available in the cited exhibits.

<sup>3</sup>The source of the information in this paragraph and the next paragraph is Applicant's August 2, 2012 Electronic Questionnaires for Investigations Processing (e-QIP) version of an application for a public trust position (SF 86). (Item 3)

she “will ask for settlement plan”; (4) a charged-off credit card debt for \$400—Applicant said she “will try and setup a payment plan”; and (5) a delinquent vehicle loan for \$10,349 resulting after a voluntary vehicle repossession—Applicant said the vehicle was defective, and the creditor declined “to work with” her on resolution of this debt.

Applicant’s SOR response addresses the SOR debts as follows: ¶ 1.a is a charged-off vehicle loan for \$8,695—Applicant said her spouse was helping with payments until his hours were cut, and payments could not be afforded; ¶ 1.b is a delinquent debt for \$7,327 resulting from repossession of a defective vehicle; ¶ 1.c is a charged-off debt for \$6,990 resulting when payments were stopped after purchase of a defective vehicle; ¶ 1.d is a collection account for \$922; ¶ 1.e is a collection account for \$872; ¶ 1.f is a medical debt for \$637; ¶ 1.g is a collection account for \$426; ¶ 1.h-¶ 1.l are five medical-collection debts for \$392, \$180, \$172, \$100, and \$92 that Applicant believes should have been paid by her insurance company; ¶ 1.m is a charged-off debt for \$89; ¶ 1.n is a judgment for \$596 that Applicant denied because she did not recognize it; ¶ 1.o is a collection account for \$640; ¶ 1.p is a charged-off debt for \$400; ¶ 1.q is a collection account for \$5,315, and Applicant said she was a cosigner for this account; ¶ 1.r is a collection account for \$721; ¶ 1.s is a medical-collection debt for \$278; ¶ 1.t is a medical-collection account for \$224; and ¶ 1.u-¶ 1.y are five delinquent medical debts for \$164, \$164, \$139, \$139, and \$94.

Applicant explained in her June 15, 2015 SOR response:

My plan in the future is to start paying something to these creditors, or maybe I will be given an opportunity to pay a portion of what’s owe[d] to them. Work out some type of agreement. I want to make this right. I pray to God that I will be given that chance.

I love my job, I think the years should vouch for that (26 years). I enjoy what I do, and I have no intentions and never will of doing anything to make me lose my job here . . . I have no criminal record. Do not plan to start now.

Although it may not appear this way; but I have no intentions of putting my job on the line after 26 years. I am a good person and I am an honest person. I just have a problem paying my bills and paying them on time. So if I am given the chance to improve on how I pay my bills, and I pray to God that I will be given the chance to do just that, even if I have to seek some financial counseling. After being on my job for 26 years, I would really be devastated if I lost my job. I can do better, and I will do better. I can be trusted. I can. Please consider giving me another chance.

Applicant’s FORM response provided some evidence of progress on some of her debts:

On September 21, 2015, the creditor in SOR ¶ 1.a (\$8,695) noted the balance owed was \$11,683 and offered to settle the debt for \$4,000 to be paid by 36 monthly

payments of \$111, starting on October 2, 2015. (pg. 13-14) On September 14, 2015, the creditor for the debt in SOR ¶ 1.q (\$5,315) wrote Applicant, noted the debt is not collectable because it is beyond the statute of limitations, and offered to settle the debt for six monthly payments of \$25, starting September 18, 2015. (pg. 31) There is no evidence of payments to the creditors in SOR ¶¶ 1.a and 1.q.

On September 2, 2015, the creditor for the debts in SOR ¶¶ 1.d (\$922), 1.e (\$872), and 1.g (\$426) wrote agreeing to a payment plan of \$25 monthly for six months on each debt starting September 18, 2015. (pg. 18-26, 29-30) There is no evidence of payments to the creditor.

Applicant said the creditor in SOR ¶ 1.o (\$640) had three accounts. (pg. 3) On September 30, 2015, she paid one account for an unspecified amount, and she made arrangements to pay two accounts \$25 monthly. (pg. 3, 12)

Applicant said she contacted the medical creditor in SOR ¶¶ 1.s (\$278), 1.v (\$164), 1.x (\$139) and 1.y (\$94). (pg. 4, 15-17) The medical debt in SOR ¶ 1.u (\$164) is the same medical debt as in SOR ¶ 1.v (\$164). (pg. 9) She provided a copy of her credit report, and indicated that the creditor was unable to locate any debts. (pg. 4)

Applicant said she paid the debt in SOR ¶ 1.m (\$89) on September 30, 2015. (pg. 3-4, 28, 32-33) Applicant said she contacted the creditor for three non-SOR debts for \$982, \$965, and \$4,065. (pg. 4) She agreed to send the creditor \$25 monthly beginning on October 15, 2015. (pg. 4) She said she made payment arrangements on another non-SOR medical debt for \$545. (pg. 4, 11)

## **Policies**

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, “no one has a ‘right’ to a security clearance.” *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). The standard applicable to trustworthiness cases is that set forth in *Egan*, “regarding security clearances: such a determination ‘may be granted only when ‘clearly consistent with the interests of the national security’” ADP Case No. 14-00590 at 3 (Dec. 10, 2014) (citing *Kaplan v. Conyers*, 733 F.3d 1148 (Fed. Cir. 2013); ADP Case No. 12-04343 at 3 (App. Bd. May 21, 2013)). The Government’s authority to restrict access to classified information applies similarly in the protection of sensitive, unclassified information. As Commander in Chief, the President has the authority to control access to information bearing on national security or other sensitive information and to determine whether an individual is sufficiently trustworthy to have access to such information. See *Id.* at 527.

Positions designated as ADP I and ADP II are classified as “sensitive positions.” Regulation ¶¶ C3.1.2.1.1.7 and C3.1.2.1.2.3. “The standard that must be met for . . . assignment to sensitive duties is that, based on all available information, the person’s loyalty, reliability, and trustworthiness are such that . . . assigning the person to sensitive duties is clearly consistent with the interests of national security.” Regulation ¶

C6.1.1.1. Department of Defense contractor personnel are afforded the right to the procedures contained in the Directive before any final unfavorable access determination may be made. See Regulation ¶ C8.2.1.

When evaluating an applicant's suitability for a public trust position, an administrative judge must consider the disqualifying and mitigating conditions in the AG. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with an evaluation of the whole person. An administrative judge's overarching adjudicative goal is a fair, impartial and commonsense decision. An administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable.

A person who seeks access to sensitive 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 sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of sensitive information.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant which may disqualify the applicant from being eligible for access to sensitive information. See *Egan*, 484 U.S. at 531. "Substantial evidence" is "more than a scintilla but less than a preponderance." See *v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4<sup>th</sup> Cir. 1994). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant's security and trustworthiness suitability. See ISCR Case No. 95-0611 at 2 (App. Bd. May 2, 1996).

Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his or her security clearance [or access to sensitive information]." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). The burden of disproving a mitigating condition never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005). "[S]ecurity clearance [or trustworthiness] determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531; see AG ¶ 2(b).

The protection of the national security and sensitive records is of paramount consideration. AG ¶ 2(b) requires that "[a]ny doubt concerning personnel being considered for access to [sensitive] information will be resolved in favor of national security." This decision is based on national security and is not a determination as to the loyalty of the applicant.

## Analysis

### Financial Considerations

AG ¶ 18 articulates the trustworthiness concern relating to financial problems:

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 [sensitive] information. An individual who is financially overextended is at risk of having to engage in illegal acts to generate funds.

AG ¶ 19 provides two disqualifying conditions that could raise a trustworthiness concern and may be disqualifying in this case: "(a) inability or unwillingness to satisfy debts;" and "(c) a history of not meeting financial obligations." Applicant admitted responsibility for 22 delinquent or charged-off debts and collection accounts totaling \$34,980. In ISCR Case No. 08-12184 at 7 (App. Bd. Jan. 7, 2010), the Appeal Board explained the evidentiary-threshold weight given to credit reports in financial cases:

It is well-settled that adverse information from a credit report can normally meet the substantial evidence standard and the government's obligations under [Directive] ¶ E3.1.14 for pertinent allegations. At that point, the burden shifts to applicant to establish either that [he or] she is not responsible for the debt or that matters in mitigation apply. (internal citation omitted).

The Government established the disqualifying conditions in AG ¶¶ 19(a) and 19(c), requiring additional inquiry about the possible applicability of mitigating conditions. Five mitigating conditions under AG ¶ 20 are potentially applicable:

(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;

(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;

(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;

(d) the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts;<sup>4</sup> and

(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.

The Appeal Board concisely explained Applicant's responsibility for proving the applicability of mitigating conditions as follows:

Once a concern arises regarding an Applicant's security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. See *Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. See Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in *Egan, supra*. "Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security." Directive, Enclosure 2 ¶ 2(b).

ISCR Case No. 10-04641 at 4 (App. Bd. Sept. 24, 2013).

Applicant's conduct in resolving her delinquent debt does not warrant full application of any mitigating conditions to all of her SOR debts; however, she provided some mitigating information. She indicated her husband had some unemployment or underemployment, which constitutes a condition beyond her control. However, she did not provide details about how these circumstances affected the family finances. She denied responsibility for the debts in SOR ¶¶ 1.k (\$100), 1.l (\$92), and 1.n (\$596), and I have credited her with mitigating these three debts. Applicant is also credited with successfully disputing the medical debts in SOR ¶¶ 1.s (\$278), 1.v (\$164), 1.x (\$139) and 1.y (\$94) under AG ¶ 20(e). The medical debt in SOR ¶ 1.u (\$164) is mitigated as a duplication.

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<sup>4</sup>The Appeal Board has previously explained what constitutes a "good faith" effort to repay overdue creditors or otherwise resolve debts:

In order to qualify for application of [the "good faith" mitigating condition], an applicant must present evidence showing either a good-faith effort to repay overdue creditors or some other good-faith action aimed at resolving the applicant's debts. The Directive does not define the term "good-faith." However, the Board has indicated that the concept of good-faith "requires a showing that a person acts in a way that shows reasonableness, prudence, honesty, and adherence to duty or obligation." Accordingly, an applicant must do more than merely show that he or she relied on a legally available option (such as bankruptcy) in order to claim the benefit of [the "good faith" mitigating condition].

(internal citation and footnote omitted) ISCR Case No. 02-30304 at 3 (App. Bd. Apr. 20, 2004) (quoting ISCR Case No. 99-9020 at 5-6 (App. Bd. June 4, 2001)).

Applicant said the creditor in SOR ¶ 1.o (\$640) had three accounts. On September 30, 2015, she paid one account for an unspecified amount, and she made arrangements to pay two accounts \$25 monthly. Applicant paid the debt in SOR ¶ 1.m (\$89). I am crediting Applicant with mitigating the debts in SOR ¶¶ 1.m and 1.o.

Applicant is credited with contacting the creditor for three non-SOR debts for \$982, \$965, and \$4,065. She agreed to send the creditor \$25 monthly beginning on October 15, 2015. She said she made payment arrangements on another non-SOR medical debt for \$545. She is not credited with having an established payment plan with the creditors because she failed to provide proof of any payments made to the creditors.

Applicant receives some credit for contacting the creditors in SOR ¶¶ 1.a (\$8,695), 1.d (\$922), 1.e (\$872), 1.g (\$426), and 1.q (\$5,315), and obtaining settlement information; however, these five debts are not mitigated because she did not provide proof of any payments.

Applicant did not act responsibly under the circumstances. Her August 2, 2012 SF 86 disclosed delinquent debts, and she received ample notice of her delinquent debts raising trustworthiness concerns. There is limited financial documentation relating to her SOR creditors showing maintenance of contact with creditors before September 2015,<sup>5</sup> establishment of payment plans, disputes of debts, payments to creditors, or other evidence of progress or resolution of her SOR debts. She did not receive financial counseling. Mitigation is limited because there is insufficient evidence that her financial problems are being resolved, are under control, and will not recur in the future. Financial considerations concerns are not mitigated.

### **Whole-Person Concept**

Under the whole-person concept, the administrative judge must evaluate an Applicant's eligibility for a public trust position by considering the totality of the Applicant's conduct and all the circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(a):

- (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

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<sup>5</sup>“Even if Applicant's financial difficulties initially arose, in whole or in part, due to circumstances outside his [or her] control, the Judge could still consider whether Applicant has since acted in a reasonable manner when dealing with those financial difficulties.” ISCR Case No. 05-11366 at 4 n.9 (App. Bd. Jan. 12, 2007) (citing ISCR Case No. 99-0462 at 4 (App. Bd. May 25, 2000); ISCR Case No. 99-0012 at 4 (App. Bd. Dec. 1, 1999); ISCR Case No. 03-13096 at 4 (App. Bd. Nov. 29, 2005)). A component is whether he or she maintained contact with creditors and attempted to negotiate partial payments to keep debts current.



for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a public trust position must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I have incorporated my comments under Guideline F in my whole-person analysis. Some of the factors in AG ¶ 2(a) were addressed under that guideline, but some warrant additional comment.

There is some evidence supporting approval of Applicant's access to sensitive information. Applicant is a 55-year-old medical claims processor who has been employed by a defense contractor since 1989. In 1982, she graduated from college and received a bachelor's degree. She has held a public trust position for the previous 10 years. Applicant is credited with mitigating the allegations in SOR ¶¶ 1.k through 1.o, 1.s, 1.u, 1.v, 1.x, and 1.y. Her husband had some unemployment or underemployment, which damaged their finances to an unspecified extent. She expressed a positive intention to pay her debts. There is no evidence of felony or misdemeanor charges, alcohol abuse, use of illegal drugs, or security or rule violations. She contributes to her company and the Department of Defense.

The financial evidence against approval of Applicant's access to sensitive information is more substantial at this time. Applicant has a history of financial problems. She admitted responsibility for 22 delinquent or charged-off debts and collection accounts totaling \$34,980. The proof of actual payments to her creditors is very limited. She failed to provide sufficient documentation of her progress resolving her financial problems, which shows lack of financial responsibility and judgment and raises unmitigated questions about Applicant's reliability, trustworthiness, and ability to protect sensitive information. See AG ¶ 18. More evidence of financial progress is necessary to mitigate trustworthiness concerns.

It is well settled that once a concern arises regarding an applicant's eligibility for a public trust position, there is a strong presumption against the grant or renewal of a public trust position. Unmitigated financial considerations concerns lead me to conclude that grant or reinstatement of a public trust position to Applicant is not warranted at this time. This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary to justify the award of a public trust position in the future. With more effort towards resolving her past-due debts, and a documented track record of behavior consistent with her obligations, she may well be able to demonstrate persuasive evidence of her worthiness for access to sensitive information.

I have carefully applied the law, as set forth in *Egan*, Exec. Or. 10865, the Directive, and the AGs, to the facts and circumstances in the context of the whole person. Financial considerations concerns are not mitigated. For the reasons stated, I conclude Applicant is not eligible for access to sensitive information at this time.

## 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:	AGAINST APPLICANT
Subparagraphs 1.a through 1.j:	Against Applicant
Subparagraphs 1.k through 1.o:	For Applicant
Subparagraphs 1.p through 1.r:	Against Applicant
Subparagraph 1.s:	For Applicant
Subparagraph 1.t:	Against Applicant
Subparagraph 1.u and 1.v:	For Applicant
Subparagraph 1.w:	Against Applicant
Subparagraphs 1.x and 1.y:	For Applicant

## Conclusion

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with national security to grant Applicant eligibility for a public trust position. Eligibility for access to sensitive information is denied.

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Mark Harvey  
Administrative Judge