



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



In the matter of: )  
)  
) ISCR Case No. 14-00524  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Eric H. Borgstrom, Esq., Department Counsel  
For Applicant: *Pro se*

04/17/2015

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**Decision**

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MATCHINSKI, Elizabeth M., Administrative Judge:

Applicant had ongoing financial difficulties following a July 2007 bankruptcy discharge. As of October 2014, he was delinquent on a credit card account, on his mortgage, and on his student loan. He satisfied his credit card debt and brought his home loan current with pension funds. Yet, his history of late payments on his home loan and his inconsistent payments on his federal student loan debt continue to cast doubt about his financial judgment. Clearance is denied.

**Statement of the Case**

On October 9, 2014, 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 his security clearance eligibility. 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.

Applicant responded to the SOR allegations on October 16, 2014. He requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). On December 11, 2014, 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 Applicant. On December 17, 2014, I issued a Notice of Hearing scheduling the hearing for January 14, 2015.

I convened the hearing as scheduled. The Government submitted four exhibits (GEs 1-4) and the Applicant submitted five exhibits (AEs A-E), all of which were admitted without any objections. A chart, which was prepared by Department Counsel as a supplement to his oral closing argument, was marked as a hearing exhibit, but not accepted as a formal exhibit in the record. Applicant testified, as reflected in a transcript (Tr.) received on January 26, 2015.

At Applicant's request, I held the record open for two weeks after the hearing for him to submit additional documentary evidence. On January 24, 2015, Applicant forwarded five documents, which on receipt on January 29, 2015, were marked as AEs F-J. Department Counsel filed no objections by the February 10, 2015 deadline for comment, so the record closed on February 10, 2015. Applicant's submissions were marked and received as AEs F-J.

### **Summary of SOR Allegations**

The SOR alleges under Guideline F that Applicant filed for a Chapter 7 bankruptcy around April 2007, which was discharged in July 2007 (SOR 1.a). Additionally, as of October 9, 2014, Applicant was 120 days or more behind on a credit card with a \$3,697 balance (SOR 1.b); on his mortgage of \$152,939 (\$11,859 past due) (SOR 1.c); and on his \$44,694 in student loan debt (SOR 1.d). In his Answer to the SOR allegations, Applicant admitted the bankruptcy filing, which he attributed to his then part-time employment. Applicant admitted that he was behind on the credit card, mortgage, and student loan accounts. However, the credit card debt was \$2,116 and only 30 days past due. His mortgage was behind 90 days for \$5,294. His student loan account was 30 days past due.

### **Findings of Fact**

After considering the pleadings, exhibits, and transcript, I make the following findings of fact:

Applicant is a 42-year-old high school graduate (Tr. 19-20), who has worked for his defense contractor employer as an outside electrician since March 2014. (Tr. 22.) He served in a branch of the National Guard from October 1989 to January 2000, when he was granted an honorable discharge at the rank of corporal (E-4). (AE E; Tr. 24.) He held a secret-level security clearance for his Guard duties. (GE 1; AE E.)

Applicant and his spouse married in August 2000. Applicant's spouse has two daughters, born in April 1992 and November 1994 during her first marriage, who were raised by Applicant and his spouse. (GE 1; Tr. 23.) Applicant's spouse received child support sporadically from her ex-husband. (Tr. 66.)

Applicant attended a technical school for training as an electrical technician from 1992 to 1994. (Tr. 49.) He took out federal student loans totaling around \$44,000 (SOR 1.d). (GE 3; Tr. 49.) The available record contains no information about the nature of Applicant's employment until February 2003, when he was hired as a communications technician. Following a job layoff in October 2003 (Tr. 26), he was unemployed until April 2005, when he began working, initially part time, as a courier for a package delivery company. In November 2005, Applicant became a full-time employee. (Tr. 27.)

Applicant had relied heavily on consumer credit debt to purchase necessities for himself and his family when he was unemployed from October 2003 to April 2005. (Tr. 26.) With creditors threatening to garnish his wages, in mid-April 2007, he filed a no-asset Chapter 7 bankruptcy petition, apparently listing approximately \$12,000 in delinquent debt.<sup>1</sup> In July 2007, he was granted a bankruptcy discharge. (GEs 1, 2, 4; Tr. 37-38.)

Applicant was extended credit after his bankruptcy. Between November 2007 and June 2009, he opened four revolving charge accounts, including the credit card account in SOR 1.b in November 2007. In June 2009, Applicant and his spouse bought their home, taking on a mortgage of \$161,792 (SOR 1.c). (GE 3.)

In late 2010, Applicant's employer began reducing his work hours because of overstaffing. He made only one payment on his student loan in 2011 before requesting a deferment in September 2011, because of reduced income. (AE J; Tr. 49.)

In May 2011, Applicant and his spouse started paying their mortgage late. Their mortgage payment of \$1,340.66 on August 2, 2011, was returned for insufficient funds. (GE 3; AE G.) In October 2011, they were assigned a home loan adviser (customer relationship manager). (AE F.) Applicant and his spouse continued to make mortgage payments, but not in amounts sufficient to bring their loan current. After a \$1,265.77 payment in December 2011, they were \$3,951.16 delinquent. In April 2012 and again in July 2012, Applicant and his spouse were assigned new customer relationship managers. They had to resubmit their paperwork for a modification each time. On August 3, 2012, their request for a loan modification was denied because their lender concluded they did not have the resources to support a repayment plan or loan modification. Applicant continued to pursue a possible modification with the lender. (AE G.) In December 2012, Applicant and his spouse were informed that their home loan had been sold. The balance on their home loan was \$172,847.72. (AE H.) They were nine months behind in their payments with no progress toward a modification. The new loan servicer wanted a \$25,000

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<sup>1</sup>The bankruptcy schedules were not submitted in evidence. Applicant indicated on his e-QIP (GE 1) that \$12,000 was the total amount involved in the bankruptcy.

lump-sum payment. His spouse's mother gave them \$25,000 as a gift, which they paid on the mortgage to avert foreclosure. (AE F; Tr. 36-41.)

In August 2012, Applicant was terminated from his job with the package delivery company after he backed a company truck into a parked vehicle. He was deemed an unsafe employee. (Tr. 21.) Applicant collected unemployment benefits until November 2012, when he was hired to refit service vans for an electric company. (GE 1; Tr. 22.) Applicant was paid \$12 an hour, which was a decrease from his \$18 hourly wage at the package delivery company. (Tr. 28-29.)

Applicant made sporadic payments on his student loans. After \$252.51 payments in August 2002 and September 2002, he paid nothing until 2007, when he paid \$300 in March 2007 and \$303.78 in November 2007. He paid \$296.53 in January 2008 and \$600 in February 2008, but then nothing until April 2009. Between April 2009 and December 2010, he made 13 payments totaling \$7,002. Three times, he made payments exceeding \$1,000 in an attempt to catch up on his student loan payment. He paid another \$337 toward his student loans before consolidating them for \$47,885.26 in September 2011. (GEs 3, 4; AE J.) He obtained a hardship deferment until August 2012, but he then could not make the payments. (Tr. 49-50.) Applicant testified that after he started with the trucking company in November 2012, he contacted the lender holding his student loans and filed for an income based-repayment amount because of his reduced income. Applicant testified that around February 2013, his application for the lower payment was approved. (Tr. 51.)

In February 2013, Applicant and his spouse applied for a "Government Trial" program through their home loan servicer to address their mortgage. (AE H; Tr. 30.) In May 2013, they stopped paying their mortgage. (GE 3; AE I.) In June 2013, they were assigned a contact person to assist them with options for making their home loan affordable. Between November 2013 and February 2014, Applicant and his spouse submitted documents at the request of their loan servicer (i.e., income information; request for modification; hardship affidavit; and letter of benefits statement). (AE H.) As of January 2014, their home loan was \$11,859 past due. (GE 3.)

In March 2014, Applicant began working for his current employer at an hourly wage of approximately \$18. (Tr. 22.) On March 5, 2014, Applicant completed and certified to the accuracy of an Electronic Questionnaire for Investigations Processing (e-QIP). In response to the financial record inquiries, Applicant disclosed his Chapter 7 discharge in 2007 of \$12,000 in debt and a delinquency of \$552 on the credit card account identified in SOR 1.b. (GE 1.)

A check of Applicant's credit on March 19, 2014, showed that the credit card account in SOR 1.b was \$414 past due on a balance of \$3,697. Applicant's and his spouse's mortgage was reportedly \$11,859 past due. Applicant's student loan (SOR 1.d) was reported as having a deferred balance of \$50,286 as of February 2014. Applicant was making timely payments on \$2,282 in aggregate debt on four revolving charge accounts. (GE 3.)

Applicant made payments when he could afford to do so on the credit card debt in SOR 1.b. (AE A; Tr. 32-33.) Applicant and his spouse paid \$1,242.24 toward their mortgage in May 2014 (AE I), but they did not make a mortgage payment in June 2014 or from August 2014 through October 2014. (AEs H, I.) When asked why he had not made his student loan payments, Applicant responded, "That's when my car actually went kaput. It was tough to get to work every week." (Tr. 67.)

Around October 2014, Applicant learned that he had a vested pension of \$21,000 from his work with the package delivery company. He elected to pay a 20% penalty for early withdrawal and cash out the pension. With the \$17,040 in pension funds he received in November 2014, Applicant and his spouse paid \$6,162.99 in November 2014 toward their mortgage.<sup>2</sup> As of their \$1,281.11 payment on January 23, 2015, their mortgage loan was current with a \$160,747.70 balance. (AE I.)

With his pension funds, Applicant also paid \$2,116.64 in November 2014 to satisfy in full his credit card debt in SOR 1.b, and that account was closed. Additionally, he testified that he paid \$790 in car repairs (new brakes and tires) for his spouse's vehicle and \$430 for repairs to his car. (GE 4; AEs A; Tr. 31-35, 57, 74.) Yet, a budget prepared by Applicant in January 2015 shows a \$163 monthly payment toward a personal loan. (AE B.) He opened an unsecured loan for \$4,200 in August 2014, to repair the engine on his vehicle so that he could get to work. (GE 4; Tr. 47, 71.) The loan balance was \$4,183 as of November 2014. (GE 4.) Some of the pension monies went to repay personal loans, of \$2,500 from his brother-in-law when he was unemployed, and of \$200 from his mother-in-law for food. (Tr. 57.) He also paid off a \$700 debt for fitness equipment,<sup>3</sup> a credit card debt of \$650, and \$1,500 in veterinary costs. Applicant also bought a new refrigerator. (Tr. 57-58.)

Available documentary evidence about his student loans show that Applicant made no student loan payments after July 2011 until August 2014, when he paid \$144.24.<sup>4</sup> He

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<sup>2</sup> Applicant testified that he paid \$5,500 on his mortgage in November 2014 to bring his loan current as of December 2014. (Tr. 35.) He presented as evidence authorization for a payment of \$5,294.83 on November 1, 2014. Transaction records on the mortgage account discrepantly show payments totaling \$4,881.88 on November 4, 2014, and of \$1,281.11 on November 14, 2014. (AE I.)

<sup>3</sup> Available credit reports (GEs 3, 4) show that Applicant opened a credit card account with a \$1,700 credit limit for the purchase of the fitness equipment in July 2009.

<sup>4</sup> Applicant's testimony leaves the impression that he made more payments in the last year or so than the transaction history shows:

A. I filed for what was called income-based repayment because of the reduction [in his income]. Once that was approved, I started paying the full amount.

Q. The full reduced amount?

A. The reduced amount, yes.

Q. Okay. And you started that when?

A. That was in—I believe that payment started February of 2013.

Q. Okay, so a few months after you'd been at [the trucking company]?

A. Correct.

Q. And February 2013 you started paying how much approximately?

paid \$216.36 to catch up for September, October, and November in early November 2014 (AEs D, J; Tr. 61), but he then did not make his \$72.12 payment in December 2014. (AE D.) When asked why he fell behind in his student loan payments in the fall of 2014, Applicant explained that his car had mechanical problems, and he had to get a ride to work from a friend. He gave his friend \$40 for gasoline. (Tr. 67.) Additionally, his employer had a 10-day shutdown over the holidays in 2014, and Applicant was paid for only six days. He had only three floating holidays left. (Tr. 68-69.)

In December 2014, Applicant cosigned on a credit card account with a \$400 credit limit for one of his stepdaughters. The account had a \$400 balance. He also opened a revolving charge account with a jewelry store that had an \$823 balance.<sup>5</sup> He bought a diamond ring for his spouse at her request. (Tr. 71.) Applicant did not think that he was going to be granted credit, and he could not deny his wife. (Tr. 72.) Applicant was making timely payments on his credit card account with a home improvement retailer, which had a \$101 balance, and on a bank credit card with a \$626 balance. He was not behind on any consumer charge accounts. (GE 4.) Applicant made a "New Year's resolution" to start standing up for himself when he comes to future purchases that may strain the family's budget. (Tr. 72.)

Applicant's hourly wage for his work with the defense contractor was \$18.68 as of mid-January 2015, to increase by \$.75 at the end of his first year on the job. (Tr. 22.) He works six hours of overtime every other week. (Tr. 48.) Applicant's spouse works about 20 hours a week at a daycare center at \$9 an hour. (Tr. 24, 64.) For the previous five years, she was paid \$8.50 an hour. (Tr. 64.) Applicant has handled the family's finances since they married. (Tr. 54.) His spouse cashes her check and gives him \$120 for the household expenses. He asked her for some extra money in December 2014 to pay his student loan. She declined, even though Applicant told her that it could cost him his security clearance. (Tr. 71.)

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A. It was about \$75.

Q. Okay. And have you been paying that nonstop since 2013?

A. To the best of my ability, yes.

Q. Okay, have there been months you've missed it?

A. I missed last month and that was it.

Q. Okay. So although it says it's been delinquent since 2011, it's your testimony that you missed a few months in 2011, and you've missed a few months here and there since 2012?

A. That's correct.

Q. I have documentation right here saying that it's past due one month.

(Tr. 51-52.)

<sup>5</sup> Applicant's credit report of January 2015 shows four credit card accounts with balances. (GE 4.) He testified that he has only two credit card accounts (Tr. 61), and he has budgeted for payments on only two accounts (the new jewelry debt and his bank credit card from September 2008). (AE B.) Apparently, the \$400 credit card was cosigned by Applicant for one of his stepdaughters so that she could repair her vehicle. (Tr. 73.) The home improvement revolving charge on his record was opened in June 2009 (GEs 3, 4), but he may well have paid off the \$101 balance.

Applicant's two adult stepdaughters were still living at home as of January 2015. Both stepdaughters were employed. One of them was attending school while holding a job. (Tr. 23-24.) The younger stepdaughter pays her portion of the cell phone bill. The older daughter pays \$25 a week for room and board. (Tr. 65.) Applicant has been setting aside their contributions to the household for when they leave home rather than using the funds to pay household expenses. (Tr. 66.)

Applicant prepared a budget in mid-January 2015, which shows net discretionary income of \$205 per month after their \$1,281 mortgage payment; \$25 toward his bank credit card debt; \$103 in electric utility costs; \$163 toward the personal loan to repair his car; \$190 in bundled cable/Internet/telephone costs; \$220 for four cell phones; \$72 toward his student loan debt; \$30 toward the new jewelry debt; \$60 in gasoline; \$75 for car insurance; and \$550 for groceries. (AE B; Tr. 47-48.) Applicant and his spouse have taken some steps to reduce their monthly expenses by going out only once a month, cancelling some movie and computer monthly subscription services, and changing homeowner and automobile insurance carriers. (Tr. 54-55.) Applicant set aside \$250 in a savings account to cover his tax debt for early withdrawal of his pension funds. (Tr. 56.) Applicant borrowed \$500 from his 401(k) for groceries. Payments are being made automatically from his wages. (Tr. 58-59.)

Applicant received a federal income tax refund of \$1,000 and a state income tax refund of \$290 for tax year 2013. He gave the state income tax money to his spouse. He used his federal income tax refund for windows for their home. (Tr. 56-57.)

## **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 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 concern about financial considerations is articulated 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 was afforded a financial fresh start through a bankruptcy discharge in June 2007 (SOR 1.a). Between November 2007 and June 2009, he opened four revolving charge accounts, including a \$1,700 debt for exercise equipment in July 2009. While he made timely payments to reduce that debt to \$779 as of February 2014, he fell behind more than 120 days on another revolving charge account (SOR 1.b). He made no payments on his mortgage (SOR 1.c) from April 2013 until May 2014, or on his student loan (SOR 1.d) from August 2011 until August 2014. He obtained a hardship deferment of his student loan for part of that time, but then could not make the payments when it was no longer deferred. Two disqualifying conditions under AG ¶ 19 apply because of Applicant’s record of delinquent accounts:

- (a) inability or unwillingness to satisfy debts; and
- (c) a history of not meeting financial obligations.



Mitigating condition AG ¶ 20(a), “the behavior happened so long ago, was so infrequent, or occurred under circumstances that it is unlikely to recur and does not cast doubt on the individual’s current, reliability, or good judgment,” does not apply to recent delinquency. As of March 2014, Applicant was behind \$414 in his payments on the credit card account in SOR 1.b and \$11,859 on his mortgage (SOR 1.c). He testified that his student loan was no longer deferred as of August 2012, and he made no payments for the next 18 months, although there is no indication that his student loan was considered to be in default while he was being considered for an income-based repayment program.

AG ¶ 20(b) applies in that unemployment or low income were significant causes for Applicant’s bankruptcy and subsequent financial difficulties:

(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.

Applicant relied heavily on consumer credit to pay for necessities during a lengthy unemployment from October 2003 to April 2005. After approximately \$12,000 in debt was discharged in his Chapter 7 bankruptcy, he and his spouse bought their home in June 2009. A reduction in his work hours around late 2010 led him to stop paying his student loan, with the exception of one \$337 payment in July 2011. After he lost his job as a courier for the package delivery company in August 2012, he worked for the trucking company from November 2012 to March 2014. However, he was paid only \$12 an hour when he had been earning \$18 with the package delivery company. At the same time, Applicant did not act responsibly when he charged \$832 for a diamond ring for his spouse and then did not make his student loan payment in December 2014.

With his income from his defense contractor employment, Applicant paid down the debt on the credit card debt in SOR 1.b to \$2,116.64, before paying it off in early November 2014 with pension funds. Applicant and his spouse pursued modification of their home loan for almost two years before their current debt servicer approved their request in March 2014. He obtained a hardship deferment and then an income-based repayment plan for his student loan debt. These efforts to address his debts implicate AG ¶ 20(c) and AG ¶ 20(d):

(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, and

(d) the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.

At the same time, Applicant managed to catch up on his mortgage only because of the pension asset. He did not make any mortgage payments or student loan payments in September 2014 and October 2014. It is unclear what he did with the income that should

have gone to the mortgage. He explained that he had car trouble. Yet, he took on the \$4,200 loan in August 2014 to cover those costs. Applicant's financial difficulties in December 2014 appear to be related to a lower paycheck due to his employer's 10-day shutdown over the holidays, but Applicant also gave priority to holiday purchases over his federal student loan payment. When he asked his spouse for some extra funds to make his payment, she was uncooperative. Applicant estimated that he has \$205 remaining after paying the household's monthly expenses and his debt payments. However, the recent delinquency on his mortgage and student loan debts suggests a tight financial situation. Applicant does not have a history of recent payments on his student loan debt. Based on the record, it would be premature to apply either AG ¶ 20(c) or AG ¶ 20(d) to his mortgage or student loan debts.

### **Whole-Person Concept**

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for a security clearance by considering the totality of his 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 for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

The financial 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 clearly could not afford to meet all his financial obligations when he was earning only \$12 an hour with the trucking company. His present wage of \$18.68 an hour has stabilized his family's finances somewhat, although he has yet to demonstrate a sustained record of regular payments on his student loan. The salient issue is whether he has exercised sound financial judgment within his limited means to ensure that he can be counted on to abide by the rules and regulations concerning the handling of classified information.

The Appeal Board has addressed a key element in the whole-person analysis in financial cases, stating:

[A]n applicant is not required, as a matter of law, to establish that he has paid off each and every debt listed in the SOR. 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. 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. 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.

ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008) (internal citations and quotation marks omitted). When Applicant realized that he could not make his payments, he took responsible steps to obtain a loan modification and to defer his student loans. As of March 2014, the financial stress of delinquency on his and his spouse's home loan was alleviated by their mortgage servicer's adding the delinquency to the end of the loan. Applicant was approved for an income-based repayment of his student loan under which he is to make \$72.12 monthly payments as opposed to his previous \$337. Yet, Applicant was not able or not willing to comply with the promised payments on either loan in September and October 2014. Car trouble does not adequately explain his delinquency, given he had taken out a \$4,200 loan to repair his car. He testified that he had a hard time getting to work. He has the burden of demonstrating that he acted responsibly or that there were mitigating or extenuating circumstances that caused him to fall behind more than \$5,000 in his mortgage payments, and his evidence falls short in this regard.

Applicant has a history of catch-up payments on his financial accounts, and his creditors are accepting late payments on his accounts as of December 2014. Yet, some concerns persist about Applicant's financial judgment. He testified that he has been making his student loan payments, for the most part, since February 2013. Student loan payment records show only two payments by him since July 2011, and they were made in August 2014 and in November 2014. He apparently had nothing left from the \$17,040 in pension funds received in November 2014 to make his \$72.12 student loan payment in December 2014. He acknowledges that he perhaps should have told his spouse that he could not afford to buy her jewelry. A New Year's resolution to start standing up for himself is a promise of change going forward and not a substitute for a record of timely payments. Perhaps at some future date, Applicant may be able to show, by a record of timely payments on his mortgage and student loan debts, that he possesses the sound judgment that must be demanded of persons granted security clearance eligibility. After considering all the evidence of record, I am unable to conclude that it is clearly consistent with the national interest to grant Applicant access to classified 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**

Subparagraph 1.a:	For Applicant
Subparagraph 1.b:	For Applicant
Subparagraph 1.c:	Against Applicant
Subparagraph 1.d:	Against Applicant

### **Conclusion**

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

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Elizabeth M. Matchinski  
Administrative Judge