



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



In the matter of:)
)
) ISCR Case No. 14-01596
)
Applicant for Security Clearance)

Appearances

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

02/23/2015

Decision

MATCHINSKI, Elizabeth M., Administrative Judge:

After Applicant was afforded a financial fresh start through a Chapter 7 bankruptcy discharge in November 2002, he took on new debt that became delinquent because of a lengthy unemployment. He has yet to resolve about \$10,312 in past-due credit card debt and a \$39,000 home equity loan debt. Clearance is denied.

Statement of the Case

On June 26, 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 a security clearance 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.

Applicant responded to the SOR allegations on July 7, 2014. He requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA) if his detailed explanation was not sufficient for a favorable adjudication. On September 25, 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. I issued a Notice of Hearing scheduling the hearing for October 16, 2014.

I convened the hearing as scheduled. The Government submitted six exhibits (GEs 1-6), which were admitted into evidence 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 submitted one exhibit (AE A), which was admitted without objection. He also testified, as reflected in a transcript (Tr.) received on October 28, 2014.

At Applicant's request, I reopened the record on January 16, 2015, for him to submit by January 30, 2015, evidence concerning the sale of his previous residence and possible resolution of the delinquent loan in SOR 1.j. On January 19, 2015, Applicant submitted a signed statement (AE B) and real estate listings for his previous residence from two websites (AEs C-D). Department Counsel filed no objections, and the documents were accepted into the record.

Summary of SOR Allegations

The SOR alleges under Guideline F that Applicant was granted a Chapter 7 bankruptcy discharge in November 2002 (SOR 1.a), and that as of June 26, 2014, Applicant owed delinquent debt totaling \$49,924 on ten accounts (SOR 1.b-1.k). About \$33,760 of the debt was for a charged-off home equity loan (SOR 1.j). Applicant was also \$5,096 past due on a \$35,758 mortgage in foreclosure status (SOR 1.h).

In a detailed response to the SOR allegations, Applicant admitted the bankruptcy filing and discharge. He admitted the debts in SOR 1.b-1.e, 1.g-1.h, and 1.j, although he asserted that a \$245 utility debt in SOR 1.c, a \$242 cable debt in SOR 1.d, and a \$338 wireless telephone debt in SOR 1.g had been paid in full in July 2014. About his delinquent mortgage in SOR 1.h, Applicant explained that he spent his 401(k) funds and his small savings trying to remain current in his mortgage payments while unemployed for almost two years, and that his mortgage company was not willing to work with him to sell the home. Applicant neither admitted nor denied a \$2,577 credit card debt in SOR 1.f, and he expressed his belief that the debt had been covered by his bankruptcy. He denied a \$2,109 retail charge account debt (SOR 1.i) in that he had insurance that should have covered the debt. Applicant also denied a \$55 music service debt (SOR 1.k) because he had no knowledge of the account.

Findings of Fact

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

Applicant is a 51-year-old high school graduate, who worked as a pipefitter for a defense contractor from December 2012 to July 18, 2014. He was separated from his employment because of no security clearance. He is subject to recall should his security clearance be adjudicated favorably.¹ (GE 1; Tr. 5-6, 35, 49.)

Applicant served on active duty in the enlisted ranks of a branch of the United States military from July 1984 to May 1989. (GE 1; Tr. 36.) He has been married twice and has a 23-year-old daughter from his first marriage. Sometime between January and June 2010, Applicant came home one day to discover that his second wife had left him after over six years of marriage. They are not legally separated or divorced, although Applicant does not know where she is. (GE 1; Tr. 37-38, 41.)

Applicant worked as an aircraft mechanic for a succession of defense contractors after he was discharged from the military. (GEs 1, 2; Tr. 38-39.) Around August 1994, Applicant purchased a 1,260 square foot single family home.² Applicant had problems financially due to credit card debt, his mortgage, and child support for his daughter. (Tr. 50.) Applicant filed for bankruptcy. The SOR alleges an August 2002 bankruptcy filing under Chapter 7, which was discharged in November 2002. Applicant admitted the allegation when he answered the SOR. He discrepantly testified at his security clearance hearing that he paid around \$300 a month to the bankruptcy court for at least a year. (Tr. 50-51, 77-79.) Applicant could have initially filed a Chapter 13 bankruptcy, which was then converted to a Chapter 7, but he could not have made payments for a year unless August 2000 is the date of conversion. Applicant lacks sufficient recall about the bankruptcy, other than he was allowed to keep his home. (Tr. 50-51.) After his debts were discharged in bankruptcy around November 2002, Applicant minimized his reliance on credit cards for purchases. (Tr. 53.)

Around May 2004, Applicant took out a joint Veterans Administration (VA) mortgage of \$42,600 on his home (SOR 1.h).³ Payments were initially \$351 per month. In mid-August

¹ Applicant's Notice of Hearing was forwarded to him through the defense contractor. It was returned by the company along with a JPAS document noting that Applicant had separated his employment on July 18, 2014. At my request, Department Counsel confirmed with the defense contractor had not withdrawn its request for a security clearance for Applicant, who would be recalled to work if granted a security clearance. (Tr. 5-6.) Applicant confirmed that he would "absolutely" consider returning to work for the defense contractor if granted a security clearance. Accordingly, I had jurisdiction to proceed with the hearing and to issue a decision about Applicant's security suitability.

² Applicant indicated on his January 2013 Electronic Questionnaire for Investigations Processing (e-QIP) that he lived at this home from August 1995 to April 2012. (GE 1.) Available credit reports show that address for Applicant starting in August 1994. (GEs 3-5.)

³ Applicant identified the account as a second mortgage on the home that had been foreclosed. (Tr. 57.)

2006, Applicant opened an individual home equity loan with the lender in SOR 1.j with a high credit of \$32,955, which may well have been a refinancing of his original mortgage taken out around 1994.⁴ Applicant was working as an aircraft mechanic for an aerospace company at the time. (GEs 1-6.)

On January 29, 2010, Applicant completed and certified to the accuracy of a Questionnaire for Public Trust Positions (SF 85P) for his work as an aircraft mechanic. He disclosed no debts currently over 180 days delinquent or a bankruptcy within the last seven years. (GE 2.)

In January 2011, Applicant was laid off. He was not given any kind of severance package. (GE 1; Tr. 39-40.) Applicant collected unemployment compensation of approximately \$225 per week (Tr. 33), but it was not enough to cover all his debt obligations and monthly expenses. He exhausted his 401(k) funds and his limited savings in an attempt to keep his home. (Tr. 42, 66.) After four to six months, he was no longer able to make his mortgage payments. (Tr. 43.) He contacted his mortgage lender about a possible short sale of his home, but the lender did not want to work with him. (Tr. 40, 43, 59-60.)

In September 2011, Applicant began working as a contract manager for a small plane manufacturer. He lived in a hotel for the next few months, until November 2011, when he was laid off due to lack of work. He returned to his previous locale to find that he had been locked out of his home for nonpayment of the mortgage. (Tr. 32-33, 44-45.) From December 2011 to May 2012, Applicant lived in his truck or resided with friends in another state. Several of his accounts went into collection, and his home went into foreclosure, as shown in the following table:

Debt in SOR	Delinquency history	Payment status
1.b. \$3,392 consumer credit debt	\$2,578 for collection May 2012; \$2,895 balance Jan. 2013; \$3,392 balance Feb. 2014; \$3,516 balance Aug. 2014. (GEs 3-5.)	Contacted lender Jul. 2014; learned account was placed for collection; lender did not have record of current debt holder; no payments as of Oct. 2014. (Tr. 54.)
1.c. \$245 electric power debt	Delinquent as of Oct. 2011, \$245 for collection Apr. 2012. (GEs 4, 5.)	Paid \$247.25 to satisfy debt Jul. 4, 2014. (GE 3; AE A; Tr. 54.)
1.d. \$242 cable television debt	\$205 for collection Oct. 2011, \$212 balance Dec. 2012; \$242 balance Jan. 2014. (GEs 3, 4.)	Paid \$204.88 to satisfy debt Jul. 6, 2014. (AE A; Tr. 54.)
1.e. \$2,110 credit card debt	Last payment Nov. 2011; \$2,110 for collection Mar.	Listed as disputed debt on credit record as of Sep.

⁴ Applicant listed two mortgages of \$30,000 each on his e-QIP. He testified that the loan in SOR 1.j was his primary mortgage (Tr. 60), although the account number he provided matches that of the home equity loan of \$32,955 opened individually in August 2006 that was charged off when it became \$2,190 past due.

	2013. (GEs 3, 4.)	2014 (GE 3), but admitted debt in his Answer; no contact with creditor or assignee as of Oct. 2014. (Tr. 55-56.)
1.f. \$2,577 credit card debt	Opened Jul. 2007, \$2,105 high credit; \$2,577 in collection charged off in May 2012 due to nonpayment after Oct. 2011. (GEs 3-5.)	Does not recall debt; no contact with creditor or payments as of Oct. 2014. (Tr. 56-57.)
1.g. \$338 wireless phone debt	\$338 for collection Jul. 2012. (GE 5.)	Paid \$337.90 to satisfy debt Jul. 5, 2014. (AE A; Tr. 57.)
1.h. \$35,758 mortgage loan \$5,096 past due	\$42,600 home loan opened in May 2004, last activity Oct. 2011; \$5,096 past due on \$35,758 balance in foreclosure as of Jan. 2013. (GE 5.)	Home sold for \$28,000 Nov. 2013 (AE C); zero balance on loan reported as of Dec. 2013. (GEs 3, 4.)
1.i. \$2,109 retail charge debt	Opened Feb. 2010, high credit \$1,600; last activity Nov. 2011; \$2,109 in collection as of Jan. 2013; charged off as of May 2013 (GEs 4, 5); with new assignee as of Oct. 2014. (Tr. 64.)	Asserts insurance should have covered debt (Tr. 61-62); assignee actively pursuing collection (Tr. 64); no proof of insurance or payments.
1.j. \$33,760 charged-off home equity line of credit	Opened Aug. 2006, high credit \$32,955; last activity Oct. 2011; \$33,760 for collection; \$39,000 balance Mar. 2012; account sold as of Nov. 2013. (GEs 3-5.)	Zero balance on loan reported as of Nov. 2013, but debt sold or transferred; claims debt reduced to \$5,760 after sale of home (AE B); no payments.
1.k. \$55 music service debt	\$55 for collection Jan. 2013. (GE 5.)	Disputes debt based on no knowledge; no contact with creditor or assignee. (Tr. 64-65.)

In May 2012, Applicant moved to his current area to reside with his sister while seeking employment. He continued to collect unemployment compensation until December 2012, when he began working as a pipefitter at \$15 an hour for the defense contractor that requested he be granted a DOD security clearance. (GE 1; Tr. 35, 46.)

On January 14, 2013, Applicant completed and certified to the accuracy of an Electronic Questionnaire for Investigations Processing (e-QIP) in application for a DOD security clearance. He responded affirmatively to inquiry concerning any delinquency involving routine accounts in the last seven years and disclosed two mortgages (SOR 1.h

and 1.j) around \$30,000 each. Applicant attributed the delinquent loans to his job loss and indicated that he would make payment arrangements in the near future. He listed no other debts. (GE 1.) A check of Applicant's credit on January 31, 2013, revealed the additional delinquencies in SOR 1.c-1.g, 1.i, and 1.k. (GE 5.)

On February 26, 2013, Applicant was interviewed by an authorized investigator for the Office of Personnel Management (OPM) partially about the delinquencies on his credit record. Applicant claimed he did not recognize the debts, with the exception of his home loans and the retail charge debt in SOR 1.i. Applicant added that he had insurance on the retail charge account, which should have covered delinquency caused by an unforeseen loss of employment. Applicant expressed his intent to pay debts shown to be legitimate as soon as he had the ability to do so. He was living from paycheck to paycheck. (GE 6.)

Applicant moved into his own apartment in February 2013. (GE 6; Tr. 49.) He took advantage of overtime opportunities at work, and for a couple of months in 2013, he worked almost every day. (Tr. 69-70.) In early July 2014, Applicant made payments totaling \$790.03 to satisfy the debts in SOR 1.c, 1.d, and 1.g. (AE A.) Two weeks later, Applicant was laid off from his defense contractor employment. (Tr. 35.) By then, his hour wage had increased to \$18 an hour. (Tr. 49.) He received no reprimands or suspensions during his time with the defense contractor. (Tr. 69.)

Applicant managed to pay his \$725 monthly rent and his utilities on his unemployment compensation benefit of \$400 a week. (Tr. 67-68.) Applicant has no new credit card debt. (GE 3; Tr. 69.) He has not used a credit card in at least three years. (Tr. 79.) However, as of September 2014, he had an unsecured loan with a credit union that was \$56 past due on a balance of \$180. (GE 3.) As of mid-October 2014, Applicant had about \$8,000 in his checking account, after depositing his income tax refund for tax year 2013. He had no additional savings. (Tr. 70.) He had not used any of the funds to pay his delinquent debts because of the lack of job security. Applicant is willing to pay his debts provided he has job security. (AE B; Tr. 71.) A security clearance would enable him to return to work for the defense contractor and make him eligible for road jobs that pay extra. (Tr. 71-72.)

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 does not dispute that he was granted a Chapter 7 bankruptcy discharge in November 2002, although he claims he made payments to the court, which would suggest a Chapter 13 filing possibility converted to a Chapter 7 around August 2002. Department Counsel proffered that he had a credit report showing that Applicant filed a bankruptcy in August 2002 that was discharged in November 2002. However, none of the credit reports

in evidence reflects the bankruptcy, and Applicant does not now recall the details about his filing. The bankruptcy is significant in that it indicates Applicant had financial problems that predate the delinquent debts in the SOR. In addition to defaulting on his mortgage and home equity line of credit (SOR 1.h and 1.j), Applicant admits that he incurred the past-due debts in SOR 1.b-1.g.

Concerning the credit card debt in SOR 1.f, Applicant expressed his belief that it had been included in his bankruptcy. However, available evidence shows that the account was not opened until 2007, after his bankruptcy. He asserts that the credit card debt in SOR 1.i should have been paid by insurance that covered debts in the case of job loss, but there is no proof of insurance coverage. In March 2014, Equifax reported that a \$1,575 balance on the account in SOR 1.i had been charged off, and the debt had been sold in May 2012. Applicant admitted at his hearing that he had recently been contacted by a collection agency about the debt.

Applicant continues to deny the \$55 music debt (SOR 1.k) based on no knowledge. In contrast to several of the other consumer credit debts on his record, the collection debt was reported by Trans Union only. In ISCR Case No. 08-12184 at 7 (App. Bd. Jan. 7, 2010), the Appeal Board explained:

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 is not responsible for the debt or that matters in mitigation apply.

(Internal citation omitted). Applicant did not adequately rebut the credit report listing or submit documentation establishing AG ¶ 20(e):

(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.

Applicant was placed on notice of the debt in SOR 1.k by the OPM investigator in February 2013. As of October 2014, he had made no effort to contact the lender or assignee. Whether or not the debt in SOR 1.k is legitimate, the evidence clearly establishes disqualifying conditions AG ¶ 19(a), "inability of unwillingness to satisfy debts," and AG ¶ 19(c), "a history of not meeting financial obligations," because of Applicant's delinquent accounts.

Applicant was afforded a financial fresh start in bankruptcy around 2002. He has the burden to alleviate the financial judgment concerns that arise because of his subsequent delinquencies, especially the sizeable mortgage and home equity line of credit debts. Concerning the mitigating conditions, 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," partially applies in that the debts in the SOR are not new delinquencies. Applicant stopped paying on most of the debts in or before November 2011. It is unclear when the music services debt in SOR 1.k was incurred. It was placed for collection in January 2013. The wireless phone debt in SOR 1.g was referred for collection in July 2012. Yet, it is difficult to conclude that the delinquencies do not reflect adversely on Applicant's judgment. While his hourly wage did not provide the income needed to satisfy all his debts during his 18-month employment with the defense contractor, Applicant still had an obligation to contact his creditors and attempt to arrange repayment terms. As of October 2014, he had not contacted some of his creditors, and he did not know whether his foreclosed home had been sold, when a sale could affect what he owed on his loans. Applicant testified to his belief that the home had not been sold.⁵ (Tr. 58-59.) Around January 2015, he learned that the house had been sold in November 2013. (AE C.)

Applicant's post-bankruptcy financial difficulties were incurred largely because of his lengthy unemployment. Applicant lost his job as an aircraft mechanic in January 2011, after 10 years working at the same military base. Around September 2011, he moved to a nearby state for a job as a manager for a plane manufacturer only to be laid off two months later. Although he collected unemployment until December 2012, he could not afford to cover his mortgage and some other accounts. Unemployment due to economic conditions is a circumstance contemplated within AG ¶ 20(b):

(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.

However, Applicant's failure to take action to address his past-due debts before the SOR was issued makes it difficult to mitigate completely the financial concerns under AG ¶ 20(b), which requires that he act responsibly. Applicant was made aware during his February 2013 OPM interview that he had several credit card and utility accounts on his record that were seriously past due. He indicated that he would contact the creditors and make repayment arrangements when he could afford to do so. Applicant could reasonably be granted some time to regain financial stability, but he also had no unexpected expenses that could justify waiting until July 2014 to begin addressing his debts.

Applicant's satisfaction of the electric power (SOR 1.c), cable (SOR 1.d), and wireless phone (SOR 1.g) debts in early July 2014 partially establish AG ¶ 20(c) and AG ¶ 20(d):

⁵ Applicant testified in October 2014 that he went to his previous locale about a year ago and saw no indication that his home had been sold. He had not been in touch with the lenders in SOR 1.h or 1.j and was waiting for them to list the home for sale. (Tr. 58-59.) He claims he called his mortgage lender a couple of times after he moved to his present area, but the lender did not want to work with him, so he quit calling. (Tr. 60.)

(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.

Additionally, AG ¶ 20(c) could apply to the mortgage debt in SOR 1.h in that he had a reported zero balance on the VA loan after foreclosure as of December 2013.

The loan servicer for the home equity line of credit (SOR 1.j) reported a zero balance as well, but also that the debt had been sold or transferred. Applicant asserted in January 2015 that he owes \$5,760 on the loan after the sale of his home. Assuming that the \$28,000 had been applied to his mortgage debt, it would have resolved less than half of his total mortgage debt (SOR 1.h and 1.j) based on the loan balances reported by Applicant on his e-QIP and shown on his credit reports. Applicant presented no evidence confirming that the sale of his home significantly reduced or resolved his home equity loan. Applicant could owe nothing, about \$5,760, or even the full \$39,000 of the home equity loan in SOR 1.j. Neither AG ¶ 20(c) nor AG ¶ 20(d) applies to the home equity loan or to Applicant's \$10,312 in old credit card debt (SOR 1.b, 1.e, and 1.i), toward which he had made no payments as of mid-October 2014. None of the mitigating conditions under AG ¶ 20 is fully established.

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 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 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 mismanaged consumer credit extended to him when he was younger, as evidenced by his bankruptcy. He exhibited an improvement in handling his finances thereafter in that he paid his debts on time, including for several months after he lost his

job in January 2011. He used his 401(k) assets and his savings to maintain his debt payments while he was unemployed, until he exhausted these sources of funds. Stable employment with a defense contractor from December 2012 to mid-July 2014 allowed him to regain some financial stability. Even so, Applicant owes about \$10,312 in old credit card debt, with at least one assignee actively pursuing collection as of October 2014. He could owe as much as \$39,000 on the home equity loan.

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). Applicant does not have a current repayment plan in place for these debts. Given his unemployed status since his layoff in July 2014, he is reluctant to use his \$8,000 in checking account assets to make payments. However, should Applicant be granted security clearance eligibility, he intends to return to work for the defense contractor and continue to resolve his outstanding debts.

As a threshold matter, neither the DOHA Appeal Board nor the Administrative Judge has the authority to grant a conditional security clearance to allow an applicant to work on his financial problems. See ISCR Case No. 10-06943 at 4 (App. Bd. Feb. 17, 2012) (citing ISCR Case No. 10-03646 at 2 (App. Bd. Dec. 28, 2011)). In assessing the likelihood of Applicant resolving his debts, I have to consider Applicant's financial mismanagement in the past, but also the efforts he made in 2011 to pay his debts with his savings and 401(k) assets until he could no longer afford to do so. Applicant's request to re-open the record to submit the information about the sale of his foreclosed home shows his desire to address the concerns of the DOD so that he can possibly return to work. On the other hand, some financial judgment concerns persist because Applicant has not kept himself fully apprised about his old debts. He recalled little about his bankruptcy and did not know whether his foreclosed home had sold as of October 2014. He now asserts that he owes only \$5,760 on the loan in SOR 1.j, but it is unclear whether this figure is based on an assumption that his loan balance was reduced by the \$28,000 sale of the home, or on some recent correspondence from his creditor. As of September 2014, Applicant was \$56 past due on

an unsecured debt owed a credit union that had a \$180 balance. The delinquency is small, but it raises concerns about his handling of his financial affairs, given he had about \$8,000 in his checking account.

It is well settled that once a concern arises regarding an applicant's security clearance eligibility, there is a strong presumption against the grant or renewal of a security clearance. *See Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990.). Applicant may be a good candidate for a security clearance in the future should he be able to show that he has largely resolved his delinquent mortgage and home equity loans, and that he has a plan to address his credit card debts. Based on the record before me and the adjudicative guidelines that I am required to consider, I am unable to conclude that it is clearly consistent with the national interest to continue Applicant's security clearance eligibility 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:	Against Applicant
Subparagraph 1.c:	For Applicant
Subparagraph 1.d:	For Applicant
Subparagraph 1.e:	Against Applicant
Subparagraph 1.f:	Against Applicant
Subparagraph 1.g:	For Applicant
Subparagraph 1.h:	For Applicant
Subparagraph 1.i:	Against Applicant
Subparagraph 1.j:	Against Applicant
Subparagraph 1.k:	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 or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Elizabeth M. Matchinski
Administrative Judge