

DATE: June 25, 2001

In Re:

SSN: -----

Applicant for Security Clearance

ISCR Case No. 00-0581

DECISION OF ADMINISTRATIVE JUDGE

KATHRYN MOEN BRAEMAN

APPEARANCES

FOR GOVERNMENT

William S. Fields, Esquire, Department Counsel

FOR APPLICANT

Pro Se

SYNOPSIS

Applicant's conduct raises security concerns over his finances as he admitted five debts which total over \$10,000. While he claimed in December 2000 to have resolved these debts through bankruptcy, he failed to submit any evidence of having done so. Clearance is denied.

STATEMENT OF THE CASE

The Defense Office of Hearings and Appeals (DOHA) issued a Statement of Reasons (SOR) to the Applicant on November 17, 2000. The SOR detailed reasons why the Government could not make the preliminary positive finding that it is clearly consistent with the national interest to grant or continue a security clearance for the Applicant. [\(1\)](#) (Item 1) The SOR alleges specific concerns in paragraph 1 over financial issues (Guideline F). Applicant responded to these SOR allegations in an Answer notarized on December 29, 2000, where he admitted paragraphs 1.a. through 1.e. but explained that he had filed for bankruptcy; however, he submitted no supporting documentation. He requested a determination on the record. (Item 3)

The case was assigned to Department Counsel; on February 7, 2001, he prepared the File of Relevant Material (FORM) for the Applicant's review. Department Counsel advised Applicant that he had 30 days to submit objections and/or information before the FORM was submitted to an administrative judge and that he had the right to be represented by counsel. A Personnel Security Specialist (PSS) sent the FORM to Applicant on February 7, 2001, and again notified the Applicant that he had 30 days from receipt of the letter to submit objections and/or information before the FORM was submitted to an administrative judge. Applicant received the FORM on March 20, 2001. However, he did not submit any response before the deadline of April 19, 2001. On May 7, 2001, the case was assigned to me.

FINDINGS OF FACT

After a complete and thorough review of the evidence in the record, and upon due consideration of that evidence, I

make the following additional Findings of Fact:

Applicant is a 24 years old employee of a defense contractor in State #1 where he has worked since June 1996; he worked in other civilian jobs from 1995 to 1996. He applied for a security clearance in June 1999 by completing a Security Clearance Application (Standard Form 86) (SF 86). He reported he was granted a Secret security clearance in March 1998. He graduated from high school in June 1995. (Items 4, 5) He has never married. (Item 4)

Financial Considerations

While his security clearance application reveals no financial issues, a September 1999 Report of Credit revealed several delinquencies. (Items 4, 7) In September 1999, Applicant was interviewed by the Defense Security Service (DSS) and said that he had resolved one debt six months prior to a financial institution by paying \$60 on a \$120 debt. His personal financial statement of September 1999 showed net monthly income from his salary and rental income of \$1,452; expenses of \$790; monthly debt payments of \$479 with a remainder of \$183 monthly. He has real estate assets of \$26,000 and further explained the following financial indebtedness (Items 7, 8):

His debt to Creditor #1 for over \$10,000 was for an automobile he financed on installment in December 1995; in May 1998 he was involved in an accident where the vehicle was damaged and was later sold by Creditor #1. He did not learn until September 1999 that he owed a balance of over \$9,000 as his vehicle insurance had lapsed, but he was to check to see if this financial institution had coverage. He said he would develop a payment plan to resolve the debt if he owes it but had not done so by July 2000. Two credit reports showed a charged off account of \$9,505. (SOR 1.a.) (Items 6, 7, 8)

His debt of \$320 on two accounts with Creditor #2 to a fire department was also a result of the accident in May 1998 as he needed ambulance and helicopter ambulance services. He agreed to contact the credit bureau and make arrangements for payment but had not done so by July 2000. (SOR 1.b.) (Items 6, 7, 8)

His personal financial statement of September 1999 showed an active account with Creditor #3 to whom he owed \$2,000 and was making monthly payments of \$100. (SOR 1.c.)

His personal financial statement of September 1999 showed an active account with Creditor #4 to whom he owed \$1,000 and was making monthly payments of \$100 and where the credit report showed he paid as agreed. A credit report of July 2000 showed the account closed by credit grantor with a balance of \$159. (SOR 1.d.) (Items 6, 7, 8)

A credit report of July 2000 showed a charged off account with Creditor #5 to whom he owed \$84. (SOR 1.e.) (Item 6)

In July 2002 he responded to Financial Interrogatories where he explained he had lost his roommate and was having trouble meeting his regular monthly expenses of over \$1,600 on his monthly income of \$1,260. He had paid one creditor in full but had not resolved his debts with Creditors #1 or #2 due to lack of funds. (Item 6)

In an Answer notarized on December 29, 2000, he admitted paragraphs 1.a. through 1.e., but explained that he had filed for bankruptcy. However, he submitted no supporting documentation. His regular monthly expenses at that time were \$620 (with no figures provided for food, utilities, etc.) and with a weekly income reported of \$480 or approximately \$2,000 monthly income.

POLICIES

Enclosure 2 of the Directive sets forth adjudicative guidelines to consider in evaluating an individual's security eligibility. They are divided into conditions that could raise a security concern and may be disqualifying and conditions that could mitigate security concerns in deciding whether to grant or continue an individual's access to classified information. But the mere presence or absence of any given adjudication policy condition is not decisive. Based on a consideration of the evidence as a whole in evaluating this case, I weighed relevant Adjudication Guidelines as set forth below :

Guideline F - Financial Considerations

An individual who is financially overextended is at risk of having to engage in illegal acts to generate funds. Unexplained affluence is often linked to proceeds from financially profitable criminal acts.

Conditions that could raise a security concern and may be disqualifying include:

- (1) a history of not meeting financial obligations;
- (3) inability or unwillingness to satisfy debts;

Conditions that could mitigate security concerns include:

None

The responsibility for producing evidence initially falls on the Government to demonstrate that it is not clearly consistent with the national interest to grant or continue Applicant's access to classified information. Then the Applicant presents evidence to refute, explain, extenuate, or mitigate in order to overcome the doubts raised by the Government, and to demonstrate persuasively that it is clearly consistent with the national interest to grant or continue the clearance. Under the provisions of Executive Order 10865, as amended, and the Directive, a decision to grant or continue an applicant's security clearance may be made only after an affirmative finding that to do so is clearly consistent with the national interest. In reaching the fair and impartial overall common sense determination, the Administrative Judge may draw only those inferences and conclusions that have a reasonable and logical basis in the evidence of record.

CONCLUSIONS

Criterion F - Financial Considerations

The Government raised security concerns over Applicant's financial problems: he has (1) a history of financial problems and (3) an inability or unwillingness to satisfy debts (SOR 1.a.-1.g.) While he claimed to have resolved his financial situation by having filed for bankruptcy, he provided no details of when he did file or the debts discharged. While the largest debt for his car seems to have been written off by the creditor and while the other debts are not large, he had the responsibility to present evidence of his steps to mitigate these issues. In December 2000 he stated he had reduced his expenses and increased his income; yet he presented no further evidence that he had made good faith efforts to resolve these past financial issues. In response to the FORM he presented no new evidence that these debts had been resolved by bankruptcy nor any other evidence that he had addressed his debts issues in a way to demonstrate that they are now under control. Thus, I conclude he has not met the conditions (MC-⁽²⁾) that mitigate these security concerns. After considering the Appendix I Adjudicative Process factors and the Adjudicative Guidelines, I rule against Applicant on subparagraphs 1.a. through 1.g. under SOR Paragraph 1.

FORMAL FINDINGS

After reviewing the allegations of the SOR in the context of the Adjudicative Guidelines in Enclosure 2 and the factors set forth under the Adjudicative Process section, I make the following formal findings:

Paragraph 1. Guideline F: AGAINST APPLICANT

Subparagraph 1.a.: Against Applicant

Subparagraph 1.b.: Against Applicant

Subparagraph 1.c.: Against Applicant

Subparagraph 1.d.: Against Applicant

Subparagraph 1.e.: Against Applicant

Subparagraph 1.f.: Against Applicant

Subparagraph 1.g.: Against Applicant

DECISION

In light of all the circumstances presented by the record in this case, it is not clearly consistent with the national interest to grant or continue a security clearance for the Applicant.

Kathryn Moen Braeman

Administrative Judge

1. This procedure is required by Executive Order 10865, as amended, and Department of Defense Directive 5220.6, dated January 2, 1992 (Directive), as amended by Change 4, April 20, 1999.

2. **Conditions that could mitigate security concerns include:** 1. The behavior was not recent; 2. It was an isolated incident; 3. The conditions that resulted in the behavior were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, or a death, divorce or separation); 4. The person has received or is receiving counseling for the problem and there are clear indications that the problem is being resolved or is under control; 5. The affluence resulted from a legal source; and 6. The individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.