

KEYWORD: Financial

DIGEST: Applicant's financial problems raise security concerns because of his unwillingness to resolve his debts which total approximately \$10,000 to four creditors. He failed to demonstrate a commitment to becoming financial responsible by developing a plan to resolve these debts even though he has a stable job. Clearance is denied.

CASENO: 02-30123.h1

DATE: 04/04/2005

DATE: April 4, 2005

In Re:

SSN: -----

Applicant for Security Clearance

ISCR Case No. 02-30123

DECISION OF ADMINISTRATIVE JUDGE

KATHRYN MOEN BRAEMAN

APPEARANCES

FOR GOVERNMENT

Eric H. Borgstrom, Department Counsel

FOR APPLICANT

Pro Se

SYNOPSIS

Applicant's financial problems raise security concerns because of his unwillingness to resolve his debts which total approximately \$10,000 to four creditors. He failed to demonstrate a commitment to becoming financial responsible by developing a plan to resolve these debts even though he has a stable job. 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 10, 2003. 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. [\(1\)](#) The SOR alleges specific concerns over finances (Guideline F). Applicant responded to these SOR allegations in an Answer notarized on November 28, 2003, and admitted allegations 1.a. through 1.e. with explanation and requested a decision without a hearing.

Department Counsel prepared a File of Relevant Material (FORM) on April 7, 2004, which was forwarded to Applicant. He received it on May 30, 2004, and failed to respond. On July 19, 2004, 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 findings of fact:

Applicant, 53 years old, is employed with a defense contractor in State #1 and completed a Security Clearance Application (SF 86) in October 2000. He has intermittent periods of unemployment: two months in 2000, one month in 1999, eight months in 1998, and three months in 1995-96. From 1989 to 1995 he had a GS-12 federal position. He served in the U.S. military from July 1968 to October 1988; he was granted a Top Secret security clearance with SCI access in ay 1991. (Exhibits 4, 5, 6)

Applicant is married and has three step-children. His wife has MS. Also, he was previously married. (Exhibits 5, 6)

Finances

In the SF 86 Applicant failed to document any financial issues. Applicant was interviewed by the Defense Security Service (DSS) in April 2002 and was asked about financial problems as a May 2001 credit report indicated he had one repossession and eight other bad debts. He stated he was "not aware of these accounts" when he prepared his security forms. He explained that one debt for \$26,000 was for a double-wide trailer he purchased in November 1988 and was repossessed in 1989; he and his former spouse signed papers relinquishing ownership and believed that they were "free and clear" of any debt." (This debt was not allged in the SOR) (Exhibits 1, 5, 6, 7)

Applicant explained that a debt of \$2,040 (SOR 1.e.) to Creditor #4 was for drivers training; The Veterans education program was to pay for the course unless he did not complete it. He did not fulfill the contract; when he turned in his rig, he claimed no one advised me that he owed any money and assumed the debt was to be paid through the G.I. Bill. Similarly, he claimed to be unaware of a credit card debt to Creditor #3 for \$1,198. (SOR 1.c.) charged off as a bad debt. He claimed not to "recognize" debts to Creditor #1 for \$799 (SOR 1.a.), to Creditor #2 for \$2,848 (SOR 1.b.), or to Creditor #4 for \$582 (SOR 1.d. alleges \$5,205.95 placed for collection). In April 2002 he had a net monthly income of \$4,347 (including military retirement of \$1,075), monthly expenses of \$3,081, debts where he was making \$752 monthly payments and having a net remainder of \$514. He had total assets of \$32,200. He reported having contacted a law firm through a website in May 2001; he was paying them \$35 per month to research his debts. He agreed that he would pay debts identified as his responsibility to pay. (Exhibits 1, 5, 6, 7)

In July 2003 Applicant reported a net monthly income of \$4,530 (including military retirement of \$1,031), monthly expenses of \$3,221, debts where he was making \$898 monthly payments and having a net remainder of \$410. He had total assets of \$41,746.

Applicant does not have a plan in place to resolve any of these debts. In November 2003, he admitted all of the debts alleged in the SOR. (Exhibit 3)

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.

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

Financial Considerations

Applicant's conduct raises security concerns⁽²⁾ because he has (1) a history of financial problems and subsequently has shown (3) an inability or unwillingness to resolve any of his debts. He offered no plan or no time table to resolve approximately \$10,000 in debts to four creditors. While 1.d. alleges a debt of over \$5,000 which was placed for collection, I note that the credit report reports this debt as \$582. Nevertheless, he admitted the larger debt and has made no efforts to develop a payment plan to resolve any of these long-standing debts even though he has been in his job for several years.

Thus, Applicant failed to mitigate⁽³⁾ these concerns. Although he implied that his wife and child's health issues contribute to his financial issues, he did not state how those expenses are linked to his long-term delinquencies. He has a stable job and sufficient resources to develop a plan to resolve these debts. While he reported he contacted a law firm to challenge the accuracy of his credit reports in May 2001, he subsequently has provided no information about what they have done in this regard. Nor has he established that any of the alleged debts are not his debts. Further, he has not documented that he sought any financial help or financial counseling. While he has stable employment, he has not demonstrated his willingness to make a good-faith effort to resolve these debts even though he was alerted to security concerns in his 2002 DSS interview and by the 2004 SOR.

After considering the Adjudicative Process factors and the Adjudicative Guidelines, I rule against Applicant under SOR Paragraph 1; I conclude that he has failed to mitigate the allegations in SOR subparagraphs 1.a. through 1.e.

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

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. Clearance is denied.

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 raise a security concern and may be disqualifying include:** 1. A history of not meeting financial obligations; 3. Inability or unwillingness to satisfy debts.
3. **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.