

KEYWORD: Financial

DIGEST: Applicant has a history of delinquent consumer and real estate-related debts that he has substantially failed to address before his recently mounted efforts to contact credit reporting agencies to ascertain the validity of the debts. With the exception of a small mistaken utility debt he identified and several judgment debts (three listed in the SOR) that his attorney satisfied out of redemption proceeds related to his foreclosed home, he is not able to document resolution of any of his remaining debt delinquencies. Reliance on applicable statutes of limitation is not synonymous with the type of individual good-faith payment efforts covered by the Directive and is insufficient to mitigate security concerns arising out of his reported delinquent debts. Clearance is denied.

CASENO: 03-20327.h1

DATE: 03/31/2006

DATE: March 31, 2006

In re:

SSN: -----

Applicant for Security Clearance

ISCR Case No. 03-20327

DECISION OF ADMINISTRATIVE JUDGE

ROGER C. WESLEY

APPEARANCES

FOR GOVERNMENT

Jennifer I. Campbell, Department Counsel

FOR APPLICANT

E. Rick Watrous, Esq.

SYNOPSIS

Applicant has a history of delinquent consumer and real estate-related debts that he has substantially failed to address before his recently mounted efforts to contact credit reporting agencies to ascertain the validity of the debts. With the exception of an small mistaken utility debt he identified and several judgment debts (three listed in the SOR) that his attorney satisfied out of redemption proceeds related to his foreclosed home, he is not able to document resolution of any of his remaining debt delinquencies. Reliance on applicable statutes of limitation is not synonymous with the type of individual good-faith payment efforts covered by the Directive and is insufficient to mitigate security concerns arising out of his reported delinquent debts. Clearance is denied.

STATEMENT OF CASE

On June 20, 2005, the Defense Office of Hearings and Appeals (DOHA), pursuant to Executive Order 10865 and Department of Defense Directive 5220.6 (Directive), dated January 2, 1992, issued a Statement of Reasons (SOR) to Applicant, which detailed reasons why DOHA could not make the preliminary affirmative finding under the Directive that it is clearly consistent with the national interest to grant or continue a security clearance for Applicant, and recommended referral to an administrative judge to determine whether clearance should be granted, continued, denied or revoked.

Applicant responded to the SOR on September 4, 2005, and requested a hearing. The case was assigned to me on October 31, 2005, and was scheduled for hearing on November 17, 2005. A hearing was convened on November 17, 2005, for the purpose of considering whether it would be clearly consistent with the national interest to grant, continue, deny or revoke Applicant's security clearance. At hearing, the Government's case consisted of seven exhibits; Applicant relied on three witnesses (including himself) and nine exhibits. The transcript (R.T.) of the proceedings was received on December 1, 2005.

PROCEDURAL ISSUES

Prior to the close of the hearing, Applicant requested leave for the record to be kept open to permit him the opportunity to contact the credit reporting agencies and obtain sufficient information to enable him to contact the listed individual creditors with identified charged off accounts linked to Applicant. There being no objections, and good cause being shown, Applicant was granted an additional six weeks, through December 29, 2005, to submit supplemental materials. Government was granted four (4) days, through January 3, 2006 to respond.

Within the time permitted, Applicant supplemented the record with copies of documented satisfaction of the debt covered by subparagraph 1.k of the SOR, a December 2005 letter to a credit reporting agency inquiring about eight of the listed debts in the SOR, mortgage documentation pertaining to Applicant's redeemed residence, a current title report showing the redeemed property is unencumbered and owned by Applicant's counsel, a lease option agreement between Applicant and his counsel re: the redeemed property, and a letter to the attorneys of the mortgage service holding the second mortgage on Applicant's redeemed property that disputes the mortgagee's note claim underlying the sold out second mortgagee's secured interest in the redeemed property. Government's initial objections over the timeliness of Applicant's post-hearing submissions were withdrawn, and it offered no additional objections to these submitted exhibits. Good cause being shown, three of Applicant's submissions are admitted as exhibits 10 through 12. The fourth submission (ex. 13) is a duplicate of previously admitted exhibit 5 (counsel's November 9, 2005 letter to counsel for the second trust deed holder) and is excluded for reasons of redundancy.

By virtue of agreements of the parties, written closing arguments were substituted for oral arguments. Timing of the closing arguments was scheduled as follows: Government's response was due on January 17, 2006; Applicant's response was due January 24, 2006, and Government's reply was due on January 31, 2006. Government faxed its timely closing on January 17, 2006. Applicant faxed its closing response on January 25, 2005 and its first amended response on January 27, 2006. Government, in turn, faxed its rebuttal to Applicant's written closing on January 30, 2006. Prefacing its suggestions on the merits, Government objected to Applicant's written response, claiming both the submissions attached to the response were filed untimely, and the response itself was untimely.

Government also interposed to the form of Applicant's closing argument, claiming Applicant asserts facts, not evidence.

Of the four additional attachments objected to by the Government, only one represents a new exhibit to be considered. Applicant's November 2005 character reference attached to his January 25, 2006 response was previously admitted as Applicant's exhibit 9. Likewise, the certificate of redemption and transcript of judgment attached to his January 27, 2006 amendment to closing argument were included in his exhibit 6 admission. Only the application of withdrawal attached to his January 27, 2006 amendment is new. It relates to the \$78.00 debt covered by creditor 1.a of the SOR and isn't depositive of Applicant's mistaken identity claim.

Recognizing the application for withdrawal is late-submitted, it will be received as Applicant's exhibit 14 and assigned the weight it deserves. Applicant's faxed closing January 25 argument and January 27 amendment were received within the time generally accepted for mail posting (three days) and, absent more clarification in the record as to whether posting or receipt dates controlled, I will accept them as timely. Applicant's January 25, 2006 alternative request for a two-day extension to file written closing arguments (to January 27, 2006) was granted for good cause shown. Addressing Government's form objection, the suggestions in Applicant's closing that Government objects to (*i.e.*, that Applicant's filings reflect regular attempts made by Applicant) represent mixed law and fact comments fully capable of being assessed in light of the evidence presented in the record. Applicant's comments, as such, fall within the bounds of acceptable argument in an administrative hearing. Government's form objection is, accordingly, overruled.

SUMMARY OF PLEADINGS

Under Guideline F, Applicant is alleged to have accumulated 13 consumer-related debts in excess of \$54,000.00 and additional debt related to a foreclosure in the amount of \$62,978.00. For his response to the SOR, Applicant denied each of the allegations. He provided no explanations. In a supplemental answer his attorney filed in November 2005, he attributed responsibility for many of the disputed marital debts to his ex-spouse and claimed a significant portion of the debts were either compromised or written off as they might pertain to Applicant. Applicant claimed he could not identify a number of the debts listed in the credit report. He also claimed to be current with his home-related obligations.

FINDINGS OF FACT

Applicant is a 53-year-old security officer of a defense contractor who seeks to retain

his security clearance. The allegations covered in the SOR and admitted by Applicant are incorporated herein by reference and adopted as relevant and material findings. Additional findings follow.

Background

Married in 1974, Applicant and his spouse of 21 years accumulated considerable debt before their divorce in February 1995 (ex. A). Disposition of their assets and marital assets under the terms of their divorce decree allocated their credit card debts amongst the two of them. Of the four credit card debts assigned to Applicant to discharge, one bears the corporate name of two of the delinquent accounts listed in the SOR and Applicant's five credit reports in evidence (*see* exs. B and D through G). Excluding real estate-related debt covered by subparagraph 1.m, most of the listed debts in the

SOR trace account activity to the 1995 period and before and exceed \$54,000.00 in aggregate delinquencies. Three of the listed debts (creditors 1.c, 1.i and 1.k) were reduced to judgments, which have been satisfied out of proceeds from the redemption of his home by his attorney (*see infra*). Whether the judgment pertaining to the \$10,553.00 debt covered by subparagraph 1.k encompasses the entire amount of the listed debt owed to this creditor or a fragment thereof is not clear. For the satisfaction of judgment does not identify the amount of the debt discharged by the satisfaction.

Applicant disputes each of the debts. Asked to account for the debts in a financial interrogatory in March 2004, he denied knowledge of any of the listed debts (*see ex. C*). He repeated his denials in the answer to the SOR he certified to in September 2005. In the supplemental answer his attorney prepared and filed in his behalf in November 2005, he was a little more specific about his debts. He described his divorce as a bitter one in which the parties disputed the handling of their finances and attributed most of the debts to his ex-spouse, who (he claims) ran up the debts "in the course of the divorce and the months leading up to it" (*see Applicant's supplemental answer of November 2005*). Applicant's supplemental answer attributes many of the allocated debts in the divorce decree belong to Applicant's ex-spouse and claims a significant portion of the debts were either compromised or written off. While his answers are more specific than previously furnished, they don't identify which debts were compromised or charged off or whether he was ever excused of legal responsibility by any of the involved creditors. Facially, at least, the listed debts appear to contain joint and several liability coverage that would not exempt either spouse from liability.

By his claims in the supplemental answer that he has been unable to identify a number of the accounts listed in his credit report, Applicant implies he had made previous efforts to identify the creditors holding delinquent balances. But he does not indicate which creditors he is referring to or what steps he took in the past to identify the accounts and their current assignees (if any). He concludes his supplemental answer by identifying the listed first mortgage debt in the credit report (and SOR) and claiming (1) the creditor has not been a creditor of his for a considerable period of time, (2) he is current with the obligations pertaining to his home, and (3) the first and second mortgages he assumed on the home have been discharged.

To date, Applicant has not been able to obtain information about his non-discharged creditors from any of the reporting credit agencies. Post-hearing efforts by his attorney to enlist the credit reporting agencies to provide addresses and other identifying information about the listed creditors and their collection agencies were not successful (*see ex. 11*).

Status of Applicant's first and second mortgage debts

In December 1997, Applicant purchased a house for approximately \$82,200.00 (based on his credit reports). He financed his purchase with H Mortgage Services by executing a first trust deed for around \$66,200.00 and

simultaneously taking out a second mortgage with the same lender for about \$16,550.00 (*see ex. D; R.T.*, at 102-09). Payment terms on the two mortgages according to Applicant's proofs were as follows: \$551.00 a month on the first mortgage and \$220.00 a month on the second (*see ex. 2*).

H Mortgage sold their first trust deed and underlying note to another lender (T Company) in or about January 2003, but retained the second mortgage. While neither Ms. B who testified in his behalf could be sure of the date of the new lender's purchase of the trust deed and underlying note, Applicant's counsel's letter to H Mortgage's attorneys in November 2004 placed the date of sale in August 2003 (*see ex. 5*).

Not informed of H Mortgage's sale of Applicant's deed of trust, Applicant continued to wire transfer his monthly payments on both his first and second mortgages to his first lender (*viz.*, H Mortgage). Applicant documents wiring regular monthly mortgage payments through Western Union on his first mortgage between January 2003 and April 2004 at the rate of \$563.95 a month. Because the payments were generally wired on the 15th of the month, the extra \$12.95 most likely represented late fees (*ex. 2*). The total of his 16 monthly payments is \$9,008.00 (inclusive of principal, interest and service fees). Over the course of these same 15 months, Applicant claims to have wired regular monthly payments on his second mortgage to H Mortgage as well. He is able to document, however, just two separate \$220.00 payments (for the months of February and May 2003) and six months worth of \$635.00 a month payment for the first six months of 2003 (*ex. 2*). Whether the additional \$84.00 a month for these months represents payments toward the second trust deed or something else is not known.

H Mortgage apparently never notified Applicant of its sale of his first trust deed to T Company until early spring of 2004 (*R.T.*, at 110), and apparently never advised T Company of its continued receipt of monthly first mortgage payments from Applicant. Having received no loan payments from Applicant on its purchased first trust deed since it acquired the loan (*i.e.*, in August 2003), T Company initiated non-judicial foreclosure proceedings in the summer of 2004.

Realizing it was continuing to receive loan payments from Applicant following its mortgage assignment to T Company, H Mortgage stopped accepting wire transfers from Applicant on the first trust deed in September 2003. Western Union, though, didn't advise Applicant of H Mortgage's actions and simply let his monthly payments accumulate. In April 2004, Western Union remitted individual checks for each of Applicant's \$551.00 monthly checks received between September 2003 and April 2004 (*see ex. 2*). Western Union's documented remittances amounted to \$4,408.00 (or \$551.00 per remittance for each of the eight months of payments it had accumulated).

During the summer of 2004, Applicant, with the help of counsel, completed a loan reinstatement plan with T Company (based on H Mortgage's failure to advise Applicant of T Company's purchase of the first mortgage). The reinstatement plan required Applicant to make one lump sum of the mortgage payments accumulated by Western Union (*i.e.*, \$6,479.11) and monthly mortgage payments thereafter of \$451.00 a month, plus a proportionate sum of the remaining \$451.00 shortfall (*see ex. 5*). Applicant is credited with making the lump sum payment to T Company in August 2004 and commenced making his regular monthly payments to the new lender (*R.T.*, at 58).

Contemporaneously with his completing a reinstatement plan with T Company on his first mortgage, Applicant entered into a forbearance agreement with H Mortgage on the second mortgage the lender retained on his property (ex. 3). In this August 2004 forbearance agreement, Applicant acknowledged a loan balance of \$10,459.50 plus accrued late charges, estimated outstanding foreclosure costs and miscellaneous other expenses for a total arrears due of \$13,679.25. Terms of his forbearance agreement called for his making a lump sum payment of \$6,479.11 by August 10, 2004 and monthly payments of \$400.01 thereafter, commencing in September 2004 (*see* ex. 3). While he claims to have satisfied the initial lump sum requirements, he provides no documentation of his making this payment or any of the subsequent monthly payments called for under the terms of his forbearance agreement. Nor does he provide any documentation of payments unjustifiably withheld by H Mortgage that would entitle him to an offset of any monies owed H Mortgage under his forbearance agreement.

Unable to keep up with his mortgage reinstatement commitments with T company, Applicant defaulted on his first mortgage in November 2004 (*see* ex. 5; R.T., at 59). As a result, T Company again initiated foreclosure proceedings on Applicant's home. The lender completed its non-judicial foreclosure of Applicant's home in the spring of 2004 (ex. 5). Less than clear is who purchased the property at the public sale. Ultimately, though the property was redeemed by Applicant's counsel for \$76,671.50 (*see* ex. 3). According to the redemption records, the tender price covered the first mortgage balance (initially \$66,200.00), the homeowners' lien, and three judgments (creditor 1.c for \$2,214.52, creditor 1.i for \$8,048.66, and another unlisted judgment creditor with a judgment claim of \$4,128.14).

Applicant documents satisfaction of his \$10,533.00 consumer debt owed to creditor 1.k. This creditor secured a judgment against Applicant to cover its debt. Because no information about the account or accounts covered by this undated judgment acknowledgment is documented, it is unclear what precisely the judgment covers. The creditor identified in the judgment acknowledgment matches the creditor listed in Applicant's credit reports, though, and without more proof shouldn't be construed to discharge any of the other debts with the same banking creditor covered in the SOR. Hence, the judgment acknowledgment covering creditor 1.k shouldn't be interpreted to absolve Applicant of all his listed outstanding debts with the same bank creditor. Inferences warrant, accordingly, that the acknowledged satisfaction of judgment covers absolved Applicant of financial responsibility for the \$10,533.00 debt identified with creditor 1.k in the SOR and credit reports, and nothing more.

H Mortgage never redeemed its second deed of trust and stands, accordingly, as a sold out junior lienor (R.T., at 81-82). While its security in Applicant's property was extinguished by the foreclosure sale, its unsecured claim on its promissory note survived and is enforceable. In a letter to Applicant's counsel in October 2004, H Mortgage made a demand for payment of its second, the exact amount of which is not reported, but exceeds \$12,000.00 according to the testimony (*see* ex. 5; R.T., at 87).

Applicant disputes H Mortgage's demand with an undocumented claim that the new balance had been reduced to the low \$8,000.00 range following Applicant's reinstatement with T Company and should be further set off by the payments Applicant made thereafter before his reinstatement plan failed. Applicant provides no documentation of any payments made to H Mortgage on the second mortgage (save for the two payments he is credited with making in 2003). H Mortgage's October 2004 demand conceivably could have provided some helpful payment history, but the lender's

demand letter was not included in the packet materials furnished by Applicant. Without more documentation, no reductions on the second mortgage can reasonably be credited to Applicant below the \$13,679.25 arrears due he stipulated to in August 2004 (*see ex. 3*).

Following his attorney's redemption of his property in March 2005, Applicant entered into a rental agreement with an option to buy the property (*see ex. 4*; R.T., at 112). Terms of Applicant's April 2005 agreement provide for his paying \$837.00 a month in rent, subject to a \$1,000.00 security/cleaning deposit. The agreement contains an option to buy clause that permits him to purchase the property from his counsel as of May 2007 at an opening price of \$101,000.00 and subject to a \$750 per month price escalator. Written intention to exercise the option is required of Applicant between March 1 and April 15, 2007, subject to prior termination in the event of a tenant default in the lease. To date, Applicant has been timely in his rental payments (R.T., at 112).

Applicant's remaining debts

Besides the unsecured \$13,679.25 H Mortgage debt Applicant continues to be in arrears with, Applicant remains the most likely person identified in his credit reports who is legally responsible for most of the consumer debts listed in the SOR. Applicant acknowledges that some of the debts listed in the credit reports could be valid accounts (R.T., at 126-27). While it is conceivable that the identified individual in the credit reports is someone else with the same name, it is not likely that each of the reporting agencies would make the same mistake on all of the reported debts.

Applicant's failure to inquire of the reporting agencies and the listed creditors when asked about the listed creditors in a financial interrogatory impairs his ability to ask for a different inference. That none of the creditors with outstanding debts have mounted and known collection efforts against Applicant (R.T., at 114, 117) may have more to do with cost-benefit trade-offs of collection efforts against Applicant than any perceived creditor weakness in the merits of enforcement action on the debts.

Unable to account for any of the other listed debts except for the judgment debts covered by creditors 1.c, 1.i and 1.k, respectively, and the small debt with creditor 1.a (plausibly attributed to Applicant by mistake), the most reasonable inferences to be drawn from this record are that the listed debts covered in Applicant's various credit reports and furnished interrogatory are properly attributable to either Applicant and his spouse during their marriage, or to Applicant separately after their divorce became final. Absent demonstrated novations with the individual creditors, Applicant would remain obligated, jointly and severally, on the debts created during his marriage, subject only to enforcement limitations due to the passage of time. Inferences warrant, accordingly, that the listed debts in the SOR which have not been shown to be mistaken or satisfied by the documented proofs remain Applicant's debts. Applicant provides no documentation that he made any personal effort to satisfy even his acknowledged judgment debts with the \$200.00 to \$300.00 he retained every month after meeting his expenses (*see ex. C*; R.T., at 128).

Applicant's command contributions

Applicant appears to be well regarded by his employer and is credited with receiving numerous letters of appreciation from employees positively effected by Applicant's contributions to his command's hurricane relief efforts (*see ex. 9; R.T., at 119-20*).

POLICIES

The Adjudicative Guidelines of the Directive (Change 4) list Guidelines to be considered by judges in the decision making process covering DOHA cases. These Guidelines require the judge to consider all of the "Conditions that could raise a security concern and may be disqualifying" (Disqualifying Conditions), if any, and all of the "Mitigating Conditions," if any, before deciding whether or not a security clearance should be granted, continued or denied. The Guidelines do not require the judge to assess these factors exclusively in arriving at a decision. In addition to the relevant Adjudicative Guidelines, judges must take into account the pertinent considerations for assessing extenuation and mitigation set forth in E.2.2 of the Adjudicative Process of Enclosure 2

of the Directive, which are intended to assist the judges in reaching a fair and impartial common sense decision.

Viewing the issues raised and evidence as a whole, the following adjudication policy factors are pertinent herein:

Financial Considerations

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

Burden of Proof

By virtue of the precepts framed by the Directive, a decision to grant or continue an Applicant's for security clearance may be made only upon a threshold finding that to do so is clearly consistent with the national interest. Because the Directive requires Administrative Judges to make a common sense appraisal of the evidence accumulated in the record,

the ultimate determination of an applicant's eligibility for a security clearance depends, in large part, on the relevance and materiality of that evidence. As with all adversary proceedings, the Judge may draw only those inferences which have a reasonable and logical basis from the evidence of record. Conversely, the Judge cannot draw factual inferences that are grounded on speculation or conjecture.

The Government's initial burden is twofold: (1) It must prove any controverted fact[s] alleged in the Statement of Reasons and (2) it must demonstrate that the facts proven have a material bearing to the applicant's eligibility to obtain or maintain a security clearance. The required showing of material bearing, however, does not require the Government to affirmatively demonstrate that the applicant has actually mishandled or abused classified information before it can deny or revoke a

security clearance. Rather, consideration must take account of cognizable risks that an applicant may deliberately or inadvertently fail to safeguard classified information.

Once the Government meets its initial burden of proof of establishing admitted or controverted facts, the burden of persuasion shifts to the applicant for the purpose of establishing his or her security worthiness through evidence of refutation, extenuation or mitigation of the Government's case.

CONCLUSIONS

Applicant accumulated numerous consumer debts during and after his marriage that he attributes alternatively to mistaken identity and to his ex-spouse. Ultimately, these debts were inferred to the most likely obligations of Applicant, either as joint and several marriage debts, or individual debts accrued by Applicant after his divorce. Additionally, Applicant accumulated delinquent first and second mortgage debts, which after unsuccessful reinstatement efforts, culminated in foreclosure of the first mortgage and redemption by Applicant's attorney. Because the mortgagee holding the second mortgage didn't elect to redeem, its secured interest extinguished, leaving the lender with an unsecured loan balance. Altogether, Applicant's delinquent consumer debts exceed \$40,000.00; while he remains indebted on the unsecured balance from his second mortgage in an amount exceeding \$13,000.00.

Security concerns are raised under Guideline F (financial considerations) of the Adjudicative Guidelines where the individual applicant is so financially overextended that he or she is at risk of having to engage in illegal acts to generate funds. Applicant's accumulation of delinquent debts preceding and following his 1995 divorce and his general failure to mount any sustained effort to resolve them warrant the application of two of the disqualifying conditions (DC) of the financial guideline: E2.A6.1.2.1 (*A history of not meeting financial obligations*) and E2.A6.1.2.3 (*Inability or unwillingness to satisfy debts*).

Most of Applicant's covered debts are consumer related and entail no extenuating circumstances (either divorce-related or otherwise) that he can document or persuasively demonstrate with his presented hearing testimony. Applicant may

not invoke E2.A6.1.3.3 (*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)*) of the financial guideline applies to his situation.

While Applicant has made some belated effort to identify and discharge his consumer and real estate debts, his efforts are neither timely enough nor sufficiently substantial to resolve security concerns associated with them. Without any documented payment of the bulk of his debts to demonstrate, it would be speculative to make predictive estimates at this time as to whether he will be in a position to pay off his remaining debts within the foreseeable future. While he does appear to be making good progress with his rental payments on his redeemed home, the chances of his reclaiming his home within the time limits set by his rental/option agreement with his attorney are much too uncertain to make any hard estimates of success. Not only must Applicant avoid any defaults in his current lease, but he must position himself to come up with \$101,000.00 in financing by May 2007 to reclaim his property under the option terms of his agreement: a steep challenge with the current resources he has available to him.

It is true that because of the age of most of the debts and the absence of any colorable enforcement actions by the individual creditors, any or all of these debts might be barred by pertinent statutes of limitation. Reliance on the running of a statute of limitation, though, is not synonymous with initiated good-faith payment efforts for purposes of claiming application of E2.A6.1.3.6 (*The individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts*) of the financial guidelines. See ISCR Case No. 03-04779 (July 2005); ISCR Case No. 01-09691 (March 2003).

Lacking any demonstrable repayment program for the repayment of the considerable debts he accrued during his marriage and after his 1995 divorce, Applicant does not demonstrate mitigation sufficient to justify application of any of the potentially pertinent mitigating conditions (MC) of the financial guideline. More specifically, neither E2.A6.1.3.1 (*The behavior was not recent*) nor E2.A6.1.3.6 (*good-faith efforts*) are applicable.

Holding a security clearance involves the exercise of important fiducial responsibilities, among which is the expectancy of consistent trust and candor. Financial stability that reflects good judgment, reliability and trustworthiness in a person cleared to access classified information is required precisely to inspire trust and confidence in the holder of the clearance. Applicant's post-foreclosure repayment efforts with three of his listed creditors (*i.e.*, judgment creditors holding a little more than \$20,000.00 in aggregate judgment debt) are relatively modest (when assessed in juxtaposition with the aggregate of his consumer debt load (over \$46,000.00) and his still outstanding debt (over \$13,000.00)) associated with his defaulted second mortgage on his foreclosed home. Considered together, neither his repayment efforts nor his post-hearing attempts to identify creditors with valid claims are sufficient or timely enough to enable him to successfully mitigate security concerns connected with his financial difficulties.

Taking into account all of the facts and circumstances surrounding Applicant's accrued consumer and real estate debts and the steps he has since taken to resolve them, unfavorable conclusions are warranted based on the presented record with respect to the allegations covered by subparagraphs 1.b, 1.d through 1.h, 1.j, 1.l and 1.m of Guideline F. Favorable conclusions warrant with respect to the allegations covered by subparagraphs 1.a, 1.c, 1.i, and 1.k.

In reaching my decision, I have considered the evidence as a whole, including each of the E2. 2.2 factors enumerated in the Adjudicative Guidelines of the Directive.

FORMAL FINDINGS

In reviewing the allegations of the SOR and ensuing conclusions reached in the context of the FINDINGS OF FACT, CONCLUSIONS, CONDITIONS, and the factors listed above, this Administrative Judge makes the following FORMAL FINDINGS:

GUIDELINE F (FINANCIAL): AGAINST APPLICANT

Sub-para. 1.a: FOR APPLICANT

Sub-para. 1.b: AGAINST APPLICANT

Sub-para. 1.c: FOR APPLICANT

Sub-para. 1.d: AGAINST APPLICANT

Sub-para. 1.e: AGAINST APPLICANT

Sub-para. 1.f: AGAINST APPLICANT

Sub-para. 1.g: AGAINST APPLICANT

Sub-para. 1.h: AGAINST APPLICANT

Sub-para. 1.i: FOR APPLICANT

Sub-para. 1.j: AGAINST APPLICANT

Sub-para. 1.k: FOR APPLICANT

Sub-para. 1.l: AGAINST APPLICANT

Sub-para. 1.m: 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 Applicant's security clearance. Clearance is denied.

Roger C. Wesley

Administrative Judge