

KEYWORD: Financial

DIGEST: Applicant is still indebted to six different creditors in the approximate amount of \$17,000.00. All of these debts are past-due. Although she has satisfied one of the past-due debts alleged in the SOR, and is halfway toward satisfying a second, there is no evidence that she has even contacted the remaining creditors. This fact, together with her stated intention not to satisfy one of her past-due debts, precludes a finding that she has initiated a good-faith effort to resolve her past-due debts. Clearance is denied.

CASENO: 03-13065.h1

DATE: 01/28/2005

DATE: January 28, 2005

In Re:

SSN: -----

Applicant for Security Clearance

ISCR Case No. 03-13065

DECISION OF ADMINISTRATIVE JUDGE

JOSEPH TESTAN

APPEARANCES

FOR GOVERNMENT

Jennifer I. Campbell, Department Counsel

FOR APPLICANT

Pro Se

SYNOPSIS

Applicant is still indebted to six different creditors in the approximate amount of \$17,000.00. All of these debts are past-due. Although she has satisfied one of the past-due debts alleged in the SOR, and is halfway toward satisfying a second, there is no evidence that she has even contacted the remaining creditors. This fact, together with her stated intention not to satisfy one of her past-due debts, precludes a finding that she has initiated a good-faith effort to resolve her past-due debts. Clearance is denied.

STATEMENT OF THE CASE

On January 20, 2004, 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 denied or revoked.

Applicant responded to the SOR on February 5, 2004, and elected to have her case determined on a written record in lieu of a hearing. Department Counsel submitted the Government's written case (FORM) on or about March 31, 2004. Applicant filed a response to the FORM in April or May 2004. The case was assigned to me on July 7, 2004.

FINDINGS OF FACT

Applicant is a 47 year old employee of a defense contractor.

SOR Allegation 1a: Applicant was indebted to this creditor in the approximate amount of \$11, 514.39. In January 2004, she reached an agreement with the collection agency handing the debt to settle it for \$5,500.00, provided that she made a \$500.00 payment in January 2004, and \$1,000.00 payments in March, April, May, June and July 2004. Applicant has made the required payments through April.

SOR Allegation 1b: Applicant is indebted to this creditor in the amount of \$4,725.00. The debt arose after applicant's truck was repossessed, and has since been "charged off." Applicant does not intend to pay this debt. As she said in her response to the SOR: "When they took the pickup they took the payment too. I'm not going to pay for something I don't have."

SOR Allegation 1c: Applicant admits that she is indebted to Sears in the approximate amount of \$3,204.00, and that this debt has been "charged off." In her response to the SOR, applicant stated she intends to satisfy this debt.

SOR Allegation 1d: Applicant admits that she is indebted to this creditor in the approximate amount of \$2,864.00, and that this debt has been placed in collection. In her response to the SOR, applicant stated she intends to satisfy this debt.

SOR Allegation 1e: Applicant admits that she was indebted to this creditor in the amount of \$1,323.01. She settled the debt in full in April 2004 by making a \$534.25 payment to the collection agency handling the account.

SOR Allegation 1f: Applicant admits she is indebted to this creditor in the approximate amount of \$2,863.00, and that this debt has been "charged off." In her response to the SOR, she stated she intends to satisfy this debt.

SOR Allegation 1g: Applicant admits that she is indebted to this creditor in the approximate amount of \$381.00, and that the debt was "charged off." In her response to the SOR, she stated she intends to satisfy this debt.

SOR Allegations 1h, 1i and 1j: The evidence is insufficient to establish that applicant is indebted as alleged.

In a signed, sworn statement she gave to the Defense Security Service (DSS) in May 2003, applicant stated that in 2000

she developed a medical condition which required her to have surgery on her foot. Because she could no longer stand for hours, she had no choice but to leave the warehouse job she had held since 1995. According to her response to the SOR, this is when her financial problems began. Thereafter, she went to truck driving school. After graduating she joined her husband as a long-haul driver.

CONCLUSIONS

The evidence establishes that applicant is indebted to six different creditors in the total amount of approximately \$17,000.00. All of these debts are past-due. Applicant's failure to honor her financial obligations reflects adversely on her judgment, reliability and trustworthiness, and suggests she cannot be relied upon to safeguard classified information. With respect to the Financial Considerations guideline, Disqualifying Conditions E2.A6.1.2.1 (*a history of not meeting financial obligations*) and E2.A6.1.2.3 (*inability or unwillingness to satisfy debts*) are applicable.

With respect to the issue of mitigation, applicant's medical condition and subsequent unemployment were the major causes of her financial problems. Because these were factors that were largely beyond her control, Mitigating Condition E2.A6.1.3.3 (*the conditions that resulted in the behavior were largely beyond the person's control*) is applicable.

Applicant has started to address her past-due debts. In April 2004, she satisfied the \$1,323.01 debt alleged in SOR Paragraph 1e, and she is halfway through satisfying the \$11,514.39 debt alleged in SOR Paragraph 1a. This is a step in the right direction. However, her failure to address the bulk of her past-due debts, [\(1\)](#) and her statement that she will not satisfy the debt alleged in SOR Paragraph 1b, preclude application of Mitigating Condition E2.A6.1.3.6 (*the individual has initiated a good-faith effort to repay overdue creditors or otherwise resolve debts*).

In view of applicant's numerous past-due debts, her inability or unwillingness to address all but two of them, and the lack of credible, persuasive evidence that her financial condition is likely to significantly improve anytime soon, Guideline F is found against applicant.

FORMAL FINDINGS

PARAGRAPH 1: AGAINST THE 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 applicant.

Joseph Testan

Administrative Judge

1. She offered no credible evidence that she has even contacted the other creditors listed in the SOR.