



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



In the matter of:	)	
	)	
	)	ISCR Case No. 07-08049
SSN:	)	
	)	
Applicant for Security Clearance	)	

**Appearances**

For Government: Caroline Jeffreys, Esquire, Department Counsel  
For Applicant: Pro se

April 10, 2008

**Decision**

HENRY, Mary E., Administrative Judge:

Based upon a review of the case file, pleadings, exhibits, and testimony, I concluded that Applicant's eligibility for access to classified information is granted.

Applicant submitted his Security Clearance Application (SF 86), on January 1, 2007. On October 4, 2007, the Defense Office of Hearings and Appeals (DOHA) issued a Statement of Reasons (SOR) detailing security concerns under Guidelines F and E for Applicant. The action was taken under Executive Order 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive), and the revised adjudicative guidelines (AG) promulgated by the President on December 29, 2005, and effective within the Department of Defense for SORs issued after September 1, 2006.

Applicant acknowledged receipt of the SOR on October 16, 2007. He answered the SOR in writing on October 25, 2007, and requested a hearing before an

Administrative Judge. DOHA received the request in November 2007. Department Counsel was prepared to proceed on November 22, 2007. The case was originally assigned to another administrative judge on November 27, 2007 and reassigned to me on December 10, 2007. DOHA issued a notice of hearing on January 22, 2008, and I convened the hearing as scheduled on February 12, 2008. The government offered ten exhibits (GE) 1 through 10, which were received and admitted into evidence without objection. Applicant testified on his own behalf. He submitted one exhibit (AE) A, which was received and admitted into evidence without objection. DOHA received the transcript of the hearing (Tr.) on February 21, 2008. I held the record open until March 12, 2008, for Applicant to submit additional matters. On March 10, 2008, Applicant submitted 11 documents, which have been marked as AE B through L, and admitted into evidence without objection. The record closed on March 12, 2008.

### **Procedural and Evidentiary Rulings**

#### **Notice**

At the hearing, I discussed the receipt of the hearing notice with Applicant. File information indicated he received the hearing notice on January 31, 2008, less than 15 days before the hearing. (Tr. 9.) I advised Applicant of his right under ¶ E3.1.8 of the Directive to receive notice 15 days before the hearing. Applicant affirmatively waived his right to 15 days notice. (Tr. 9-10.)

The government objects to the admission of AE A, a letter from a tax representation firm, and a second letter from the same firm, dated February 18, 2008 and marked as AE D, on the grounds of that both letters fail to provide proof of resolution of Applicant's delinquent tax debts. The government's objection is denied. This evidence is relevant to the efforts taken by Applicant to resolve his delinquent tax debt.

#### **Request for Administrative Notice**

Department Counsel submitted an oral request at the hearing that I take administrative notice of certain facts relating to the consequences of not dissolving a corporation and submitted one document in support of her request. (Tr. 16-17.) The attached document was not admitted into evidence, but was included in the record as Administrative Exhibit (Admin Ex) 1. The facts administratively noticed must be limited to matters of general knowledge and matters not subject to reasonable dispute. The facts administratively noticed are set out in the Findings of Fact below.

### **Findings of Fact**

In his Answer to the SOR, dated October 25, 2007, Applicant admitted the factual allegations in ¶¶ 1.a-1.g of the SOR, some with explanations. He denied the factual allegations in ¶¶ 2.a-2.c of the SOR.

Applicant, who is 39 years old, works for a Department of Defense contractor as a security officer. He began his current employment 18 months ago. He also works part-time as a security employee for a local community college, a job he began in December 2006. His supervisors at both jobs praise his work skills and believe him to be an asset to the company. Applicant completed his security application (SF-86) on January 31, 2007.<sup>1</sup>

Applicant married in 1997. He and his wife separated for about a year sometime in 2006. This resulted in two households. They reconciled about four months prior to the hearing. They have a daughter, who is 9 years old. He has a 16-year-old stepson. Applicant attended college for two years, but did not graduate.<sup>2</sup>

Applicant and his sister established an office cleaning business in an eastern state. They incorporated the business under state law. The company named only two officers in its incorporation documents: Applicant's sister as president and Applicant as the operations manager. The company operated out of his rental home. The company acquired cleaning contracts, but in his position as operations manager, Applicant encountered significant difficulties in hiring and retaining sufficient numbers of employees to meet the company's contractual obligations. After three years of operation, he and his sister closed the business.<sup>3</sup>

As president of the company, his sister's responsibilities included keeping the business and financial records of the company, selling the business equipment after the company closed, and filing the appropriate papers to dissolve the company. Applicant's sister did not advise him about any tax issues with the company or her failure to file the appropriate dissolution papers. He knew about one tax issue, which he resolved with the state in 2002. He did not know about any other state tax issues or a federal tax issue related to the business until recently. He files his personal income taxes every year and has no outstanding federal or state tax issues concerning his personal taxes. He never received notice of the tax deficiencies.<sup>4</sup> He hired a tax representation firm in October 2007 to work with him on resolving his tax problems.<sup>5</sup>

Applicant moved across the country in July 2003. Since moving, two factors impacted his finances. A fire occurred in the apartment Applicant and his family rented. Because his son caused the fire, the apartment complex charged him for the damage.

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<sup>1</sup>GE 1 (Applicant's security clearance application (SF-86)) at 1, 3; AE C (Letter, dated February 21, 2008); Tr. 19-20.

<sup>2</sup>GE 1, *supra* note 1, at 1-3, 5; Tr. 57-58.

<sup>3</sup>Tr. 21-23.

<sup>4</sup>He moved from the business location and subsequent residences, which may be the reason he did not receive any notices.

<sup>5</sup>AE A (Undated letter); AE D (Letter, dated February 18, 2008); Tr. 21-28, 29-32.

He did not have rental insurance. In 2006, Applicant lost his job as a truck driver when the company closed its stores in his metropolitan work area.<sup>6</sup>

Applicant currently earns approximately \$3,350 a month in gross salary and \$2,750 a month in net income. His wife's net monthly income is \$2,300 for a total net household monthly income of approximately \$5,050. Their monthly expenses total approximately \$3,600, leaving \$1,400 for debt payment or other expenses.<sup>7</sup>

The State in which Applicant operated his business obtained judgments and filed a tax lien for \$2,800 in 1994, a tax lien for \$53,253 in 1995, a tax lien for \$3,256 in 1996, a tax lien for \$24,000 in March 1997 and three tax liens for \$13,200 in 1997. Applicant's credit report dated March 8, 2007 shows a state tax lien for \$13,600, with court case numbers 12326199, 990000123261, and 123621. Two of listings are marked released but the third listing is not marked released. The July 2007 credit report contains one listing of a state tax lien for \$13,600 with case number 123621, which has been released. I find that there is one tax lien, not four, for \$13,200, which has been released by the State because it is paid. The record also contains evidence of a judgment for \$24,000 obtained by the State against Applicant in March 1997. He paid this judgment in 2002 and keeps the payment notice at hand. These debts arise out of the business he and his sister operated.<sup>8</sup>

The Internal Revenue Service (IRS) also filed a tax lien in 1999 for \$12,753. The computer documents of record (GE4-GE9) indicate that tax liens have been filed, but do not reflect that two tax liens have been paid. This inaccuracy as to the paid status of two liens leads me to question the accuracy and completeness of the remaining computer documents, concerning the payment status of the liens. The credit reports show some tax liens, but do not list all tax liens or tax judgments. The credit reports indicate one lien has been released, but do not contain any reference to the existence or payment of the \$24,000 lien. The credit reports are incomplete based on the liens filed by the State.<sup>9</sup>

Based on the documentation provided to him in 2002 by the State, Applicant believed that he had resolved all the tax issues related to the business he operated in the mid-1990s. Until he received a copy of his credit reports as part of his security clearance investigation, he did not know he still had outstanding tax liens. He does not

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<sup>6</sup>Tr. 45-46, 49.

<sup>7</sup>GE 10 (Financial interrogatories and Applicant's response with attachments) at 8-11, 12-16; AE H (Pay stubs for current job); AE I (Pay stubs for part-time job).

<sup>8</sup>GE 2 (Credit Report, dated July 23, 2007) at 1; GE 3 (Credit report, dated March 8, 2007) at 3-4; GE 4 (LexisNexis listing of state tax lien for 1995); GE 5 (LexisNexis listing of state tax lien for 1996); GE 6 (LexisNexis listing of state tax lien for September 1997); GE 8 (LexisNexis listing of state tax lien for 1994); GE 9 (LexisNexis listing of state tax lien for March 1997); GE 10, *supra* note 7, at 4.

<sup>9</sup>GE 2, *supra* note 8, at 1; GE 3, *supra* note 8, at 3-4; GE 7 (LexisNexis listing of federal tax lien for 1999); GE 10, *supra* note 7, at 4.

deny the existence of the liens and his or his defunct corporations's indebtedness based on the liens or that several are not paid. He retained the services of a tax representation firm to help him resolve the outstanding tax issues. Citing to its privacy policy, this firm has declined to provide any details about the steps it has taken or will take on behalf of the Applicant regarding his outstanding tax issues. He will make an offer of compromise to the IRS equal to the money in his 401K account. If this is not accepted, he will make monthly payments until this debt is paid. His sister is also working on the lien issue and he believes she may resolve the State liens, but no evidence currently exists to indicate that she has resolved the State liens.<sup>10</sup>

The SOR lists three other debts. Because his wife managed the family finances, Applicant did not know a \$2,815 judgment had been entered against him in November 2004. He negotiated a repayment plan and pays \$80 a month towards this debt. His payments began in September 2007. He has made at least three payments on this debt.<sup>11</sup>

Applicant incurred \$2,000 in credit card debt. He negotiated a repayment plan on this debt. He pays \$60 a month. The January statement from the creditor indicates that his unpaid balance as of January 15, 2008 was \$905. He made a \$60 payment in February 2008. The remaining collection account in the SOR relates to the fire damages at his former residence. He also negotiated a repayment plan of \$200 a month. He has made at least three payments for a total of \$600. He pays his other bills. He does not necessarily pay an entire bill in a month and sometimes he may not pay a bill, but he has not allowed his bills to accumulate over a long period of time. He is taking a more active role in managing and paying the household bills.<sup>12</sup>

Applicant completed his security clearance application (SF 86) on January 31, 2007. He answered "no" to each of the following questions:<sup>13</sup>

Question 28a. Your Financial Delinquencies - 180 days

In the last 7 years, have you ever been over 180 days delinquent on any debt(s)?

Question 28b. Your Financial Delinquencies - 90 Days

Are you currently over 90 days delinquent on any debt?

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<sup>10</sup> AE J (Checking account statement from December 21, 2007 through February 27, 2008 showing monthly payments to the tax firm); Tr. 31-32, 60, 62.

<sup>11</sup>GE 10, *supra* note 7, at 5-13; AE E (Statement from credit card company, dated January 15, 2008); AE F (Payment on bill); AE G (Bill showing payment); AE J, *supra* note 10; Tr. 34-38, 42, 52.

<sup>12</sup>*Id.*

<sup>13</sup>Government Exhibit 1, *supra* note 2, at 1, 10-11.

#### Question 27d. Your Financial Record

In the last 7 years, have you had any judgments against you that have not been paid?

Applicant did not list the tax judgments arising from his business, nor did he list the one civil judgement against him. He did not identify any old debts as he did not realize that his bills had not been paid. His wife managed the household finances and he did not actively participate in managing household accounts. He did not acknowledge the tax liens because he believed he had resolved all his old tax issues years earlier based on the letter he received from the state. He now actively manages the household finances.<sup>14</sup>

I take administrative notice of the following facts. Under State law, a corporation which ceases doing business must be dissolved through the Division of Revenue to avoid future business taxes, penalties and interest.<sup>15</sup>

#### **Policies**

When evaluating an Applicant's suitability for a security clearance, the administrative judge must consider the revised adjudicative guidelines (AG). In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are useful 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 over-arching adjudicative goal is a fair, impartial and common sense 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. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

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<sup>14</sup>GE 1 *supra* note 1, at 8-9; Tr. 45, 52, 69, 71-72.

<sup>15</sup>Admin Ex 1.

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 as to obtaining 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 the Applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to 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 relating to the guideline for Financial Considerations is set out 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.

The guideline notes several conditions that could raise security concerns. Under AG ¶ 19(a), an “inability or unwillingness to satisfy debts” is potentially disqualifying. Similarly under AG ¶ 19(c), “a history of not meeting financial obligations” may raise security concerns. Applicant and his sister developed and incorporated a business in the 1990s. After three years of operation, they closed the business. As a result of their business venture, Applicant, and his sister, have unpaid state tax liens and judgment from 1994 through 1996, and one unpaid IRS debt. More recently, he accumulated \$4,300 in delinquent debt and \$2,800 in an unpaid judgment. The evidence is sufficient to raise these potentially disqualifying conditions, requiring a closer examination.

The guideline also includes examples of conditions that could mitigate security concerns arising from financial difficulties. Under AG ¶ 20(a), the disqualifying condition may be mitigated where “the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual’s current reliability, trustworthiness, or good judgment.” Applicant’s tax liabilities arise from a business he and his sister operated in the 1990s. All of his tax issues stem from this business, not from his failure to pay his personal income taxes. His state tax liabilities are 12 to 14 years old. His federal tax debt is nine years old. His tax issues are not likely to reoccur as he no longer operates a business, but works for others. His other unpaid debts are more recent. Because he resolved at least two of his state tax liens many years ago and he files and pays his personal income taxes, the unpaid taxes from years ago do not raise concerns about his current reliability, trustworthiness, or good judgment. This potentially mitigating condition has some applicability.

Under AG ¶ 20(b), it may be mitigating where “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.” Applicant’s tax liability is a result of business management issues and decisions, which are matters not beyond his control. His more recent debt issues arose, in part, because he lost his job in 2006 and as a result of the negligent actions of his son in causing the fire in his apartment. This mitigating condition may have some applicability.

Evidence that “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” is potentially mitigating under AG ¶ 20(c). Applicant hired a tax representation firm to help him resolve his old, unpaid tax debts. Although the firm refused to provide information regarding the counseling and actions it is taking on his behalf, clearly he is relying on its expertise to help resolve his tax issues. He is not avoiding this problem. Concerning the 2004 judgment, Applicant is paying \$80 a month on this debt. Likewise, he pays \$200 to the collection company for the fire damage and \$60 a month on the credit card debt. His credit debt has been reduced by \$1,200, which is more than one-half of the original debt. I conclude this potentially mitigating condition applies.

Similarly, AG ¶ 20(d) applies where the evidence shows “the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.” Applicant’s tax issues are significant, particularly his state tax liens. He has not ignored this problem nor has he failed to file his personal income taxes. Rather, his tax liabilities arose because he and his sister did not properly manage the cleaning business and its related tax liabilities. Many years ago, he resolved two state tax liens/ judgments, totaling \$37,000. When he paid a lien in 2002, he believed that he had paid all his back taxes to the State. At this time, the State had an opportunity to notify him of more liens and develop payment plans with him. It did not for reasons unknown. Thus, his belief that he had resolved all his state tax liens and judgments is reasonable. When he learned last summer that state tax judgments still existed, he retained the services of a firm



specializing in tax representation to help him resolve these outstanding tax issues. At this time, he is paying the firm to develop a resolution of his tax problems. A final resolution has not yet taken place.

As a general rule, the IRS must prepare and file an assessment of income tax it believes due within three years after the return is filed. See 26 U.S.C. § 6501(a). Once an assessment is complete, it has 60 days to give notice and a demand for payment of the tax due to the person liable. See 26 U.S.C. § 6303(a). Once the notice and demand are made, a lien in favor of the United States automatically arises. See 26 U.S.C. § 6321. The IRS must file a levy or institute court proceedings within 10 years after the tax assessment to collect the tax lien. See 26 U.S.C. § 2602(a)(1); *United States v. Galletti*, 541 U.S. 114, 119 (2004). The running of the statute of limitations is tolled during a bankruptcy proceeding, see *United States v. Doe*, 438 F.Supp.2d (S.D. Ohio 2006), by agreements (made before Dec. 20, 2000), see *United States v. Ryals*, 480 F.3d 1101, 1106(11th Cir. 2007), or while an offer in compromise (made on or after Dec. 31, 1999) is pending. 26 U.S.C. § 6404(a) provides for abatement of an assessment when it is uncollectible. The state law also generally follows the 3-year and 10-year statute of limitations used by the IRS. See Code § 12-54-85. Whether the IRS followed all of its required procedures before filing the lien in 1999 is not known. At this point, the IRS has not filed a levy or instituted court proceedings to enforce its lien nor does the record contain any evidence that the IRS is taking any refund from his individual taxes to repay this debt. It has another year to seek recovery of this debt owed by the now defunct cleaning corporation.<sup>16</sup>

He pays his household expenses, although not always in full every month. Some of his household accounts were behind and he is successfully working to bring these accounts current. He is not required to pay his monthly bills in full every month. He is required to manage his finances, and he is doing so. He now takes a more active role in managing the household finances to make sure that financial problems do not arise in the future. Mitigating condition AG ¶ 20(d) is raised.

## **Guideline E, Personal Conduct**

AG ¶ 15 expresses the security concern pertaining to personal conduct:

Conduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations can raise questions about an individual's reliability, trustworthiness and ability to protect classified information. Of special interest is any failure to provide truthful and candid answers during the security clearance process or any other failure to cooperate with the security clearance process.

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<sup>16</sup>It is beyond the scope of this decision to render an opinion as to whether the IRS tax debt is Applicant's because the incorporated business no longer exists (piercing the corporate veil) or is a debt of the corporation only. Applicant is willing to make an offer of compromise or pay this debt should he personally owe it.

Although the following conduct will normally result in an unfavorable clearance action or administrative termination of further processing for clearance eligibility, this conduct is not at issue in this case:

(a) refusal, or failure without reasonable cause, to undergo or cooperate with security processing, including but not limited to meeting with a security investigator for subject interview, completing security forms or releases, and cooperation with medical or psychological evaluation; and,

(b) refusal to provide full, frank and truthful answers to lawful questions of investigators, security officials, or other official representatives in connection with a personnel security or trustworthiness determination.

AG ¶ 16 describes conditions that could raise a security concern and the following condition may be disqualifying in this case:<sup>17</sup>

(a) deliberate omission, concealment, or falsification of relevant facts from any personnel security questionnaire, personal history statement, or similar form used to conduct investigations, determine employment qualifications, award benefits or status, determine security clearance eligibility or trustworthiness, or award fiduciary responsibilities.

The government established that Applicant omitted material facts from his SF-86 when he answered “no” to Questions 27d, 28a and 28b about his past tax liabilities and judgments, as well as information about his unpaid debts in more recent years. This information is material to the evaluation of Applicant’s trustworthiness to hold a security clearance and to his honesty. For this guideline to apply, Applicant’s omission must be deliberate. He denies, however, that he deliberately falsified his answer to these questions. When a falsification allegation is controverted, the government has the burden of proving it. Proof of an omission, standing alone, does not establish or prove an applicant’s intent or state of mind when the omission occurred. An administrative judge must consider the record evidence as a whole to determine whether there is direct or circumstantial evidence concerning an applicant’s intent or state of mind at the time the omission occurred.<sup>18</sup> For DC ¶ 16 (a) to apply, the government must establish that Applicant’s omission, concealment or falsification in his answer was deliberate.

Applicant credibly testified about his lack of knowledge about his past tax liabilities and his failure to keep himself apprised of his family finances. He also candidly acknowledged that he did not seek assistance when completing his SF-86. In response to the government’s interrogatories, he provided information regarding his personal finances and his tax liens. He is not attempting to hide his debts. He simply did not

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<sup>17</sup>The remaining disqualifying conditions, AG ¶¶ 16(b)-16(g) are not raised in this case.

<sup>18</sup>See ISCR Case No. 03-09483 at 4 (App. Bd. Nov. 17, 2004)(explaining holding in ISCR Case No. 02-23133 at 5 (App. Bd. Jun. 9, 2004)).

know the extent of his problems. The government has not established that he deliberately falsified his SF-86.

### **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.”

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole person concept.

I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. Applicant's unpaid tax debts are significant. He did not decide that he would not pay the debts nor has he deliberately ignored these debts which arose out his now defunct business enterprise. He and his sister divided up the various functions of their cleaning business. He ran the business operations, which included obtaining work contracts, hiring staff, and cleaning office buildings. His sister's duties focused on managing the financial and administrative aspects of the business. He failed to keep himself informed about his sister's management of her responsibilities. He does not know if she filed the proper documents to close the business; however, as a result of the business shutdown, tax debts for the years 1994-1996 exist with the state and a 1999 federal tax debt exists. He paid two state tax liens many years ago. When he paid the second tax lien in 2002, he believed that he had resolved all his debts with the State. He has not received any further notification from the State that he owed more money. He wants to resolve this matter and has hired a tax consulting firm to help resolve this issue. Likewise, he did not know about the federal tax lien, which the federal government has not sought to enforce. As with the State liens, he wants to resolve it with the assistance of the tax consulting firm.

He assumed responsibility for his other three debts by negotiating a repayment plan with each creditor in September 2007. Since then, he has reduced one debt by 60%, and a second debt by 25%. Most significantly, he has taken affirmative action to pay or resolve these delinquent debts and to organize his household finances. His household bills cannot be a source of improper pressure, coercion, exploitation, or

duress because he is managing these bills. He acknowledges the old tax liens and is working to resolve them. Thus, these debts cannot be a potential source for pressure, coercion, exploitation, or duress. Since he and his sister closed their business many years ago, and he has chosen to work for companies since then, there is little likelihood that he will incur this type of tax debt in the future. Of course, the issue is not simply whether all his debts are paid; it is whether his financial circumstances raise concerns about his fitness to hold a security clearance. While his significant tax debts are unresolved, he is not ignoring the problem nor has he ignored his more recent unpaid debts. He is taking responsibility for all. Applicant has mitigated the government's security concerns. (See AG ¶ 2(a)(1).)

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant mitigated the security concerns arising from his financial considerations.

### **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:	FOR APPLICANT
Subparagraph 1.a:	For Applicant
Subparagraph 1.b:	For Applicant
Subparagraph 1.c:	For Applicant
Subparagraph 1.d:	For Applicant
Subparagraph 1.e:	For Applicant
Subparagraph 1.f:	For Applicant
Subparagraph 1.g:	For Applicant
Paragraph 2, Guideline E:	FOR APPLICANT
Subparagraph 2.a:	For Applicant
Subparagraph 2.b:	For Applicant
Subparagraph 2.c:	For Applicant

## **Conclusion**

In light of all of the circumstances presented by the record in this case, it is clearly consistent with national security to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is granted.

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MARY E. HENRY  
Administrative Judge