

DEPARTMENT OF DEFENSE DEFENSE OFFICE OF HEARINGS AND APPEALS



In the matter of:)	
)	
)	ISCR Case No.07-11060
SSN:)	
)	
Applicant for Security Clearance)	

Appearances

For Government: John B. Glendon, Esq., Department Counsel For Applicant: *Pro se*

June ———	19,	2009		
Decision				

FOREMAN, LeRoy F., Administrative Judge:

This case involves security concerns raised under Guidelines F (Financial Considerations), E (Personal Conduct), and J (Criminal Conduct). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted his security clearance application on February 13, 2007 (Government Exhibit (GX) 1). On December 10, 2008, the Defense Office of Hearings and Appeals (DOHA) issued a Statement of Reasons (SOR) detailing the basis for its preliminary decision to deny his application, citing security concerns under Guidelines F, E, and J. 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.

Applicant received the SOR on December 16, 2008, and answered it on January 14, 2009, and requested determination on the record without a hearing. Department Counsel submitted the government's written case on April 8, 2009. On April 9, 2009, a complete copy of the file of relevant material (FORM) was sent to Applicant, who was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the government's evidence. Applicant received the FORM on April 17, 2009, and did not respond. The case was assigned to me on June 12, 2009.

Findings of Fact

In his answer to the SOR, Applicant admitted the all the allegations in the SOR. His admissions are incorporated in my findings of fact.

Applicant is a 36-year-old supply chain specialist employed by a federal contractor. He has worked for his current employer since August 2000. He has never held a security clearance.

Applicant is married to an active duty sailor in the U.S. Navy. He has one child, for whom he pays child support, and one stepchild.

Applicant served in the U.S. Navy from April 1992 to July 1999. In January 1996, he received nonjudicial punishment under Article 15, Uniform Code of Military Justice (UCMJ), 10 U.S.C. § 815, for being disrespectful to a superior petty officer, in violation of Article 91, UCMJ, 10 U.S.C. § 891 (GX 16). In July 1997, he was convicted by civilian authorities of driving under the influence (DUI) (GX 9 at 2). In March 1999, he received nonjudicial punishment for violating a lawful order, being drunk on duty, and drunk driving, in violation of Articles 92, 112, and 111, UCMJ, 10 U.S.C. §§ 892, 912, and 911 GX 15). He was discharged from the Navy in July 1999 with an Other than Honorable Discharge (GX 4 at 22).

In May 2000, Applicant was involved in an argument with his wife. He pushed his wife as she was shouting at him, and she struck him in the head with a trophy. The police charged him with assault and battery. After the altercation, he left town until August 2000, thinking his wife would withdraw her complaint against him. When he returned, he learned that a warrant for his arrest had been issued for failure to appear in court. In September 2002, he was convicted of the assault and battery as well as the failure to appear. He was fined and placed on probation for 12 months (GX 13).

In November 2006, Applicant and his wife filed a Chapter 13 bankruptcy petition. They made payments of \$887 per month from December 2006 to April 2007. They made no further payments and the bankruptcy was dismissed in May 2007 (GX 10). Applicant told a security investigator that his financial problems began when he and his spouse purchased a home they could not afford (GX 9 at 6).

When Applicant submitted his security clearance application in February 2007, he answered "yes" to question 23a, asking if he had ever been charged with or

convicted of any offenses related to alcohol or drugs. He disclosed his DUI conviction in a civilian court, but he did not disclose his Navy nonjudicial punishment for drunk driving and being drunk on duty. In response to question 23f, asking if in the last seven years he had been arrested for, charged with, or convicted of any offenses not covered by other questions, he answered "no" and did not disclose his convictions of assault and battery and failure to appear. He answered "no" to four questions about his financial record. He did not disclose his bankruptcy petition in November 2006, an automobile repossession in 2006, and numerous delinquent debts, including one debt that was reduced to judgment.

In response to DOHA interrogatories on December 20, 2008 (GX 8), Applicant stated he did not disclose his bankruptcy because he misunderstood the question and thought the seven-year period ran "from the date I was filling out the paperwork." In an affidavit dated July 14, 2008, he stated he did not disclose the bankruptcy and other delinquent debts because he was in the process of dismissing his bankruptcy petition and not sure of the status of his financial obligations (GX 9 at 7). He did not explain his other omissions from his application.

The debt alleged in SOR \P 1.b is an automobile repossession. In his July 2008 affidavit, Applicant stated his wife purchased the auto in 2005 and it was repossessed while she was deployed at sea (GX 9 at 5). Applicant's credit bureau report (CBR) dated March 8, 2007, reflected past due payments but did not reflect a repossession (GX 7 at 9). His CBR dated March 12, 2008 reflected an auto loan included in Chapter 13 bankruptcy (GX 6 at 3). His CBR dated June 18 2008 reflected that the debt was included in his Chapter 13 bankruptcy (GX 5 at 4). In his July 2008 affidavit, Applicant stated his wife told him the debt was paid, but he submitted no documentation of payments.

The debt alleged in SOR \P 1.c is for furniture. Applicant's March 2007 CBR and March 2008 CBR reflected he was making regular payments on the debt under his Chapter 13 bankruptcy (GX 6 at 3; GX 7 at 6). His June 2008 CBR reflected an unpaid judgment for the debt awarded to a collection agent for the furniture store, alleged in SOR \P 1.i (GX 5 at 3). In his July 2008 affidavit, Applicant stated he was aware of the delinquent debt but not aware of the judgment, and he was making payments of \$100 on the debt (GX 9 at 5). He submitted no documentation of the payments.

The credit card debt alleged in SOR \P 1.d is reflected in the March 2007 CBR as included in the bankruptcy (GX 7 at 6), It is not reflected in the March 2008 CBR, but it is reflected as charged off in the June 2008 CBR (GX 5 at 5).

The telephone bill alleged in SOR \P 1.e is reflected as delinquent on all three CBRs (GX 5 at 5; GX 6 at 2; GX 7 at 4). In his July 2008 affidavit, Applicant stated the debt was paid, but he submitted no documentation of payment (GX 9 at 5).

The delinquent electric service bill alleged in SOR \P 1.f is reflected on the June 2008 CBR, and it is reflected as an unpaid collection item in the March 2008 CBR (GX 6

at 1; GX 5 at 9). In his July 2008 affidavit, Applicant stated the debt was delinquent at one time but had been paid in full (GX 9 at 5-6). He submitted no documentation of payment.

The delinquent cable service bill alleged in SOR ¶ 1.g appears on the June 2008 CBR as assigned to collection, and it appears on the March 2008 CBR as a paid collection account with a zero balance (GX 5 at 9; GX 6 at 1). In his affidavit, Applicant stated he believed the account had been paid (GX 9 at 6).

Applicant admitted the delinquent cable service bill alleged in SOR ¶ 1.h in his July 2008 affidavit. He stated he had forgotten about it and intended to pay it (GX 9 at 6). He has submitted no evidence of payment.

The unpaid judgment alleged in SOR \P 1.i is based on the debt alleged in SOR \P 1.c. As noted above, Applicant stated he was making payments on the debt, but he submitted no evidence of payment.

The collection account alleged in SOR \P 1.j is for the cable bill alleged in SOR \P 1.g. It is reflected as "frozen" with a zero balance (GX 5 at 10).

The collection account alleged in SOR \P 1.k does not appear on the June 2008 or March 2008 CBRs, but it appears on the March 2007 as a past due collection account (GX 7 at 7). Applicant did not address this debt in his July 2008 affidavit, but he admitted it in his answer to the SOR.

Applicant's June 2008 CBR and March 2007 CBR reflect that the account information was disputed for the two cable bills alleged in SOR $\P\P$ 1.g and 1.h (GX 5 at 10; GX 7 at 10). The record does not reflect the basis for the disputes or their resolution.

Policies

"[N]o one has a 'right' to a security clearance." *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). As Commander in Chief, the President has the authority to control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information." *Id.* at 527. The President has authorized the Secretary of Defense or his designee to grant applicants eligibility for access to classified information "only upon a finding that it is clearly consistent with the national interest to do so." Exec. Or. 10865, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended and modified.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the revised adjudicative guidelines (AG). These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with an evaluation of the whole person. An administrative judge's over-arching adjudicative goal is a fair, impartial and common

sense decision. An administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable.

The government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. 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.

Clearance decisions must be made "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." See Exec. Or. 10865 § 7. Thus, a decision to deny a security clearance is not necessarily a determination as to the loyalty of the applicant. It is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense have established for issuing a clearance.

Initially, the government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The government has the burden of establishing controverted facts alleged in the SOR. See Egan, 484 U.S. at 531. "Substantial evidence" is "more than a scintilla but less than a preponderance." See v. Washington Metro. Area Transit Auth., 36 F.3d 375, 380 (4th Cir. 1994). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant's security suitability. See ISCR Case No. 95-0611 at 2 (App. Bd. May 2, 1996).

Once the government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive \P E3.1.15. An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531; see AG \P 2(b).

Analysis

Guideline F, Financial Considerations

The SOR alleges a Chapter 13 bankruptcy petition that was dismissed (SOR \P 1.a) and ten delinquent debts totaling about \$20,396 (SOR $\P\P$ 1,b-1.k). The concern under this guideline is set out in AG \P 18 as follows:

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.

Three potentially disqualifying conditions under this guideline are relevant. AG ¶ 19(a) is raised where there is an "inability or unwillingness to satisfy debts." AG ¶ 19(c) is raised when there is "a history of not meeting financial obligations." AG ¶ 19(e) is raised when there is "consistent spending beyond one's means, which may be indicated by excessive indebtedness, significant negative cash flow, high debt-to-income ratio, and/or other financial analysis." All three conditions are raised by Applicant's financial history, shifting the burden to him to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant has the burden of proving a mitigating condition, and the burden of disproving it never shifts to the government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005).

The evidence reflects that SOR ¶¶ 1.c and 1.i are based on the same debt, as are SOR ¶¶ 1.g and 1.j. When the same conduct is alleged twice in the SOR under the same guideline, one of the duplicative allegations should be resolved in Applicant's favor. See ISCR Case No. 03-04704 (App. Bd. Sep. 21, 2005) at 3 (same debt alleged twice). Accordingly, I will resolve SOR ¶¶ 1.i and 1.j in Applicant's favor.

Security concerns based on financial problems can be mitigated by showing that "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." AG ¶ 20(a). This mitigating condition is not established because Applicant's delinquent debts are recent, numerous, did not arise under unusual circumstances, and cast doubt on his reliability, trustworthiness, and good judgment.

Security concerns under this guideline also can be mitigated by showing that '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." AG ¶ 20(b). Both prongs, i.e., conditions beyond the person's control and responsible conduct, must be established. This mitigating condition is not established because the debts arose because Applicant and his spouse were living beyond their means and not from circumstances beyond his control.

Security concerns under this guideline also can be mitigated by showing 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." AG ¶ 20(c). This mitigating condition is not established because there is no evidence Applicant has sought or received financial counseling and his financial situation is not under control.

Security concerns under this guideline also can be mitigated by showing that "the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts." AG ¶ 20(d). Good faith means acting in a way that shows reasonableness, prudence, honesty, and adherence to duty or obligation. ISCR Case No. 99-0201, 1999 WL 1442346 at *4 (App. Bd. Oct. 12, 1999). Applicant's CBRs show that the delinquent cable bill alleged in SOR ¶ 1.g was paid. He claimed to have paid the debts alleged in SOR ¶¶ 1.b, 1.e, and 1.g, but he submitted no documentary evidence of payment. He claimed he was making payments on the debt alleged in SOR ¶ 1.c, but he produced no documentary evidence of payment. He produced no evidence of payments or a payment plan for the debts alleged in SOR ¶¶ 1.d, 1.h, and 1.k. I conclude AG ¶ 20(d) is established for the debt alleged in SOR ¶ 1.g, but not for the other debts.

Security concerns under this guideline also can be mitigated by showing "the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue." AG \P 20(e). Applicant disputed the two cable bills alleged in SOR $\P\P$ 1.9 and 1.h, but he presented no evidence of the basis for the dispute. In his July 2008 affidavit, he admitted the debt alleged in SOR \P 1.h and promised to pay it. I conclude AG \P 20(e) is not established.

Guideline J, Criminal Activity

The SOR alleges two disciplinary proceedings against Applicant while he was in the Navy (SOR $\P\P$ 2.a and 2.c) and three civilian convictions (SOR $\P\P$ 2.b, 2.d, and 2.e). It also cross-alleges as criminal conduct the falsifications alleged under Guideline E (SOR \P 2.f). Applicant admitted all the allegations.

The concern raised by criminal conduct is that it "creates doubt about a person's judgment, reliability, and trustworthiness. By its very nature, it calls into question a person's ability or willingness to comply with laws, rules and regulations." AG \P 30. Conditions that could raise a security concern and may be disqualifying include "a single serious crime or multiple lesser offenses" and "allegation or admission of criminal conduct, regardless of whether the person was formally charged, formally prosecuted, or convicted." AG \P 31(a) and (c).

It is a felony, punishable by a fine or imprisonment for not more than five years, or both, to knowingly and willfully make any materially false, fictitious, or fraudulent statement or representation in any matter within the jurisdiction of the executive branch of the government of the United States. 18 U.S.C. § 1001. Security clearances are matters within the jurisdiction of the executive branch of the government of the United States. A deliberately false answer on a security clearance application is a serious crime within the meaning of Guideline J.

Applicant offered no explanation or excuse for his failure to fully disclose his record of criminal conduct. His explanation for not disclosing his bankruptcy is implausible and not credible. He offered no explanation for not disclosing the

automobile repossession. It appears he may have been unaware of the judgment alleged in SOR ¶ 1.i, and he may have forgotten about the \$59 debt alleged in SOR ¶ 1.h, but he offered no plausible or credible explanation for not disclosing the other delinquent debts. Applicant's record of criminal conduct and his failure to disclose the full extent of his criminal conduct and financial delinquencies in his security clearance application raise the disqualifying conditions in AG ¶¶ 31(a) and (c), shifting the burden to him to rebut, explain, extenuate, or mitigate the facts.

Security concerns under this guideline may be mitigated by evidence that "so much time has elapsed since the criminal behavior happened, or it happened under such unusual circumstances that it is unlikely to recur and does not cast doubt on the individual's reliability, trustworthiness, or good judgment." AG ¶ 32(a). The first clause of AG ¶ 32(a) ("so much time has elapsed") focuses on whether the criminal conduct was recent. There are no "bright line" rules for determining when conduct is "recent." The determination must be based on a careful evaluation of the totality of the evidence. ISCR Case No. 02-24452 at 6 (App. Bd. Aug. 4, 2004). If the evidence shows "a significant period of time has passed without any evidence of misconduct," then an administrative judge must determine whether that period of time demonstrates "changed circumstances or conduct sufficient to warrant a finding of reform or rehabilitation." *Id.*

Applicant's misconduct while in the Navy is arguably not "recent," but his pattern of misconduct continued in May 2000, and it culminated in his falsification of his security clearance application in February 2007. I conclude AG ¶ 32(a) is not established because his criminal conduct was recent and did not arise under unusual circumstances.

Criminal conduct also may be mitigated if "there is evidence of successful rehabilitation; including but not limited to the passage of time without recurrence of criminal activity, remorse or restitution, job training or higher education, good employment record, or constructive community involvement." AG ¶ 32(d). This mitigating condition is not established because Applicant's recent falsifications negate a finding of "successful rehabilitation."

Guideline E, Personal Conduct

The SOR alleges Applicant was discharged from the Navy under Other than Honorable Conditions (SOR \P 3.a), deliberately failed to fully disclose his criminal record (SOR $\P\P$ 3.b and 3.c), and deliberately failed to disclose his record of financial delinquencies (SOR $\P\P$ 3.d-3.g)¹. The concern under this guideline is set out in AG \P 15 as follows: 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

¹ SOR ¶ 3.g alleges Applicant deliberately failed to disclose the debts alleged in subparagraphs 1.d and 1.l. There is no subparagraph1.l in the SOR, but Applicant's deliberate failure to disclose the debt in subparagraph 1.d is sufficient to raise a security concern.

clearance process or any other failure to cooperate with the security clearance process.

The relevant disqualifying condition applicable to Applicant's discharge from the Navy is AG \P 16(d): "credible adverse information that is not explicitly covered under any other guideline and may not be sufficient by itself for an adverse determination, but which, when combined with all available information supports a whole-person assessment of questionable judgment, untrustworthiness, unreliability, lack of candor, unwillingness to comply with rules and regulations, or other characteristics indicating that the person may not properly safeguard protected information." This disqualifying condition encompasses "a pattern of dishonesty or rule violations." AG \P 16(d)(3). Applicant's multiple violations of the UCMJ and his civilian DUI conviction while in the Navy, all of which formed the basis for his discharge, are sufficient to raise AG \P 16(d)(3).

The relevant disqualifying condition applicable to Applicant's omissions of information from his security clearance application is "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." AG ¶ 16(a).

When a falsification allegation is controverted, the government has the burden of proving it. An omission, standing alone, does not prove an applicant's 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 state of mind at the time of the omission. See ISCR Case No. 03-09483 at 4 (App. Bd. Nov. 17, 2004).

Applicant wrote "I admit" after each Guideline E allegation in the SOR, but his responses to interrogatories and his July 2008 affidavit strongly suggest he was admitting he entered the answers as alleged, but he was not admitting he intentionally gave false answers. Accordingly, I have treated the allegations of falsification as controverted.

Applicant was aware of the disciplinary infractions underlying his unfavorable discharge from the Navy, but he omitted them from his security clearance application. He has given no explanations for the omissions. As noted above in the discussion of Guideline J, he was aware of most of his financial delinquencies, but gave no plausible or credible explanation for not disclosing them. Based on this record, I conclude AG ¶ 16(a) is raised.

Security concerns raised by false or misleading answers on a security clearance application may be mitigated by showing that "the individual made prompt, good-faith efforts to correct the omission, concealment, or falsification before being confronted with the facts." AG \P 17(a). This mitigating condition is not established because Applicant made no effort to correct the omissions from his application until he was confronted with the evidence.

Security concerns based on personal conduct may be mitigated if "the offense is so minor, or so much time has passed, or the behavior is so infrequent, or it happened under such unique circumstances that it is unlikely to recur and does not cast doubt on the individual's reliability, trustworthiness, or good judgment." AG ¶ 17(c). Applicant's omissions were not minor. They were recent, numerous, and did not occur under unique circumstances. They cast doubt on his current reliability, trustworthiness, and good judgment.

Finally, security concerns based on personal conduct may be mitigated if "the individual has taken positive steps to reduce or eliminate vulnerability to exploitation, manipulation, or duress." AG \P 17(e). Applicant eventually made full disclosure of his disciplinary and financial record in his July 2008 affidavit. Thus, he receives some credit under AG \P 17(e).

Whole Person Concept

Under the whole person concept, an 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. An administrative judge should consider the nine adjudicative process factors listed at AG \P 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 \P 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall common sense judgment based upon careful consideration of the guidelines and the whole person concept. I have incorporated my comments under Guideline F, J, and E in my whole person analysis. After weighing the disqualifying and mitigating conditions under Guidelines F, J, and E, and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concerns based on financial considerations, criminal conduct, and personal conduct. Accordingly, I conclude he has not carried his burden of showing that it is clearly consistent with the national interest to grant him eligibility for access to classified information.

Formal Findings

I make the following formal findings on the allegations set forth in the SOR, as required by Directive ¶ E3.1.25:

Paragraph 1, Guideline F (Financial Considerations): AGAINST APPLICANT

Subparagraphs 1.a-1.f:

Subparagraph 1.g:

Subparagraph 1.h:

Subparagraphs 1.i-1.j:

Subparagraph 1.k:

Against Applicant

For Applicant

For Applicant

Against Applicant

Against Applicant

Paragraph 2, Guideline J (Criminal Conduct): AGAINST APPLICANT

Subparagraphs 2.a-2.f: Against Applicant

Paragraph 3, Guideline E (Personal Conduct): AGAINST APPLICANT

Subparagraphs 3.a-3.g: Against Applicant

Conclusion

In light of all of the circumstances, it is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

LeRoy F. Foreman Administrative Judge