



DEPARTMENT OF DEFENSE  
DEFENSE OFFICE OF HEARINGS AND APPEALS



In the matter of: )  
 )  
----- ) ISCR Case No. 08-02922  
SSN: ----- )  
 )  
Applicant for Security Clearance )

**Appearances**

For Government: James F. Duffy, Department Counsel  
For Applicant: *Pro Se*

December 9, 2008

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**Decision**

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TESTAN, Joseph, Administrative Judge:

On April 24, 2008, the Defense Office of Hearings and Appeals (DOHA) issued a Statement of Reasons (SOR) to applicant detailing the security concerns under Guideline F. 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 answered the SOR in writing on May 19, 2008, and requested an Administrative Determination by an Administrative Judge (AJ). Department Counsel issued a File of Relevant Material (FORM) on June 23, 2008. Applicant did not file a response to the FORM. The case was assigned to me on September 15, 2008. Based upon a review of the case file, pleadings, and exhibits, eligibility for access to classified information is denied.

## Findings of Fact

Applicant is a 40 year old employee of a defense contractor.

Applicant admits that as of April 2008, he was indebted to the following creditors in the following approximate amounts: two unpaid medical debts totaling \$217.00; Cap One \$1,254.00; FirstRev \$580.00 and AFNI-Bloom \$667.00, which appear to be the same debt that originated with Cingular; NCO-Medclr \$140.00; Arrow Ser (GE Money Bank) \$2,421.00; Credit Protection \$285.00; Arrow Ser (Household Bank) \$3,397.00; Chase NA \$7,220.00; Cred Mgmt \$119.00; Lvnv Fundg \$6,255.00 and HSBC/Comp \$4,747.00, which appear to be the same debt that originated with Comp USA; and Portfolio (MBNA) \$23,503.00. All of these debts are past-due. All of them were either placed for collection or charged off, most many years ago.

In his response to the SOR, applicant claimed he satisfied the (1) two medical debts, (2) First Rev/AFNI-Bloom/Cingular debt, (3) NCO-Medclr debt, (4) Credit Protection debt, and (5) Cred Mgmt debt. He offered no credible evidence to corroborate his claim. He further claimed that he "wrote letter to [Cap One] to work out payment plan or pay off acc," "called [Arrow Ser] on May 6<sup>th</sup>, 15, and 16<sup>th</sup> [but received] no call back," "called [Chase NA and is] working out deal to refinance house to pay for account or get it dismissed due to age of account," and "talked to credit agency" handling the Comp USA debt and "worked out payment plan down payment of 152.00 then monthly payments of 100.00 a month." He offered no credible evidence corroborating these contacts.

The evidence does not establish that applicant is indebted as alleged in SOR Paragraphs 1c, 1d, 1e, 1g, 1j, 1o, 1r, and 1s.

In his response to the SOR, applicant stated his financial delinquencies were the "result of being laid off three times in two years." He further stated he has "just recently gotten where [he] was financially able to start paying them off."

## Policies

The President has "the authority to . . . control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to occupy a position that will give that person access to such information." (*Department of the Navy v. Egan*, 484 U.S. 518,527 (1988).) In Executive Order 10865, *Safeguarding Classified Information Within Industry* (February 20, 1960), the President set out guidelines and procedures for safeguarding classified information within the executive branch. The President 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. Ord. 10865, Section 2.)

To be eligible for a security clearance, an applicant must meet the security guidelines contained in the Directive. Enclosure 2 of the Directive sets forth personnel security guidelines, as well as the disqualifying conditions and mitigating conditions under each guideline.

Initially, the Government must present evidence to establish controverted facts in the SOR that disqualify or may disqualify the applicant from being eligible for access to classified information. (Directive, Paragraph E3.1.14.) Thereafter, the applicant is responsible for presenting evidence to rebut, explain, extenuate, or mitigate the facts. (Directive, Paragraph 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).) “Any doubt as to whether access to classified information is clearly consistent with national security will be resolved in favor of the national security.” (Directive, Paragraph E2.2.2.)

A person granted access to classified information enters into a special relationship with the government. The government must be able to repose a high degree of trust and confidence in those individuals to whom it grants access to classified information. The decision to deny an individual a security clearance is not a determination as to the loyalty of the applicant. (Exec. Ord. 10865, Section 7.) It is merely an indication that the applicant has not met the strict guidelines the President has established for issuing a clearance.

## **Analysis**

### **Guideline F, Financial Considerations**

The security concern relating to Financial Considerations is set forth in Paragraph 18 of the new AG, and is 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.

The AG note several conditions that could raise security concerns. Under Paragraph 19.a., an “inability or unwillingness to satisfy debts” is potentially disqualifying. Under Paragraph 19.c., “a history of not meeting financial obligations” may raise security concerns. The evidence shows applicant has a history of an inability or unwillingness to pay his debts. Accordingly, these disqualifying conditions are applicable.

The guidelines also set out mitigating conditions. Paragraph 20.a. may apply 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 has numerous delinquent debts that are still outstanding. This mitigation condition is not applicable.

Under Paragraph 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 stated in his SOR response that his financial delinquencies were the result of being laid off three times in two years. But he failed to provide any details about these layoffs. Without any details, and with an August 2007 security questionnaire in evidence indicating he has been working for his current employer since 2001, there is insufficient evidence to apply this mitigating condition.

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 Paragraph 20. c. There is no credible evidence that applicant has received or is receiving counseling. Nor are there clear indications that his financial problems are actually being resolved or that they are under control. Accordingly, this mitigation condition does not apply.

Paragraph 20.d. applies where the evidence shows “the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.” Applicant claims he has settled some debts and has made contact with several other creditors. Even if his uncorroborated statements were accepted as true, the vast majority of his indebtedness has not been addressed in any meaningful way. He therefore has not initiated “a good faith effort to repay overdue creditors.” This mitigating condition is not applicable.

### **“Whole Person” Analysis**

Under the whole person concept, the AJ must evaluate an applicant’s security eligibility by considering the totality of the applicant’s conduct and all the circumstances. An AJ should consider the nine adjudicative process factors listed at AG Paragraph 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) 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 Paragraph 2c, the ultimate determination of whether to grant a security clearance must be an overall common sense 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 is a mature man who has a long history of not meeting his financial obligations. Although he may have recently paid off a few of the small debts, all of his large past-due debts remain unpaid, and the evidence does not establish he is likely to resolve these debts any time soon. Under the circumstances, I have no choice but to conclude applicant failed to mitigate the security concerns arising from Guideline F.

## **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: AGAINST APPLICANT

## **Conclusion**

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with national security to grant applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

JOSEPH TESTAN  
Administrative Judge