



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



In the matter of:)
)
) ISCR Case No. 09-03174
)
Applicant for Security Clearance)

Appearances

For Government: Julie Mendez, Esquire, Department Counsel
For Applicant: Alan V. Edmunds, Esquire

August 22, 2011

Decision

RIVERA, Juan J., Administrative Judge:

Applicant has a history of alcohol abuse, including four alcohol-related driving offenses. Moreover, he falsified his 2006 security clearance application, made false statements to Government investigators, associated with foreign prostitutes and a foreign business man whom he believed was a member of organized crime, assisted the business man to establish a money laundering scheme, and failed to disclose such associations. Considering his falsifications, questionable behavior, and overall lack of credibility, Applicant’s past behavior continues to cast doubt on his reliability, judgment, and ability and willingness to comply with the law, rules, and regulations. Clearance is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on September 26, 2006. After reviewing the results of the ensuing background investigation, adjudicators for the Defense Office of Hearings and Appeals (DOHA) were unable to make a

preliminary affirmative finding¹ that it is clearly consistent with the national interest to grant Applicant's request for a security clearance.

On January 19, 2011 and March 2, 2011, DOHA issued Applicant a statement of reasons (SOR) and an amended SOR (respectively), which specified the basis for its decision. The SOR alleged security concerns under Guidelines B (Foreign Influence), D (Sexual Behavior), G (Alcohol Consumption) and E (Personal Conduct) of the adjudicative guidelines (AG).² The amended SOR deleted the allegations under Guidelines B and D, and replaced, amended, and added allegations under Guideline E. The amended SOR was admitted as Hearing Exhibit (HE) 1, and Applicant's answer to the amended SOR was admitted as HE 2.

Applicant responded to the SOR allegations on February 1, 2011, and to the amended SOR on March 15, 2011. He requested a hearing before an administrative judge. The case was assigned to another administrative judge on March 17, 2011. It was reassigned to me on April 29, 2011. DOHA issued a notice of hearing on March 25, 2011, and the hearing was convened as scheduled on May 11, 2011. The Government offered exhibits (GE) 1 through 9, which were admitted without objection. Applicant testified, and he presented exhibits (AE) A through P, which were admitted without objection. DOHA received the transcript of the hearing (Tr.) on May 19, 2011.

Findings of Fact

Applicant denied all the allegations under the SOR and the amended SOR. After a thorough review of the evidence of record, and having considered Applicant's demeanor and testimony, I make the following findings of fact.

Applicant is a 48-year-old engineer working for a Government contractor. He graduated from high school and enlisted in the U.S. Army where he served on active duty from May 1980 until January 1990. He achieved the rank of staff sergeant, and his service was characterized as honorable. Since his discharge from the service, Applicant has been consistently employed with numerous Government contractors. He was granted access to classified information at the secret and top secret levels while serving in the Army. His access was continued during his employment with Government contractors until around August 2006, when it was suspended pending the resolution of the allegations in the current SOR. There is no evidence showing that Applicant compromised or caused others to compromise classified information.

Applicant presented numerous reference letters from supervisors, coworkers, and friends. He is considered to be an honest, dependable, and dedicated employee.

¹ Required by Executive Order 10865, *Safeguarding Classified Information Within Industry*, dated February 20, 1960, as amended; and Department of Defense (DoD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive), dated January 2, 1992, as revised.

² Adjudication of this case is controlled by the AGs, implemented by the DoD on September 1, 2006.

Because of his technical knowledge, professional acumen, and outstanding leadership and motivational skills, he is the go-to person in his company. According to his references he is trustworthy and has displayed unquestionable integrity and honesty. He has been consistently evaluated as exceeding expectations and a solid performer. He is an extremely valuable employee. His supervisors endorsed his eligibility for a security clearance.

Applicant married his wife in 1981, and they were divorced in 2007. He has two grown children of this marriage, ages 28 and 23. He attended college and received his bachelor's degree in business in 2001, and he completed his master's degree in international business management in 2003.

Applicant started consuming alcoholic beverages at age 12 in 1975. He obtained beer from his father and drank three to four beers, approximately three to four times a year. His alcohol consumption increased when he joined the Army at age 17. He would drink approximately four beers two to three times a week. He drank to the point of intoxication about once every three months.

Between 1983 and 1986, while serving in the Army, Applicant received alcohol treatment for approximately six months. His wife believed he was drinking too much and asked him to attend the alcohol counseling. Applicant claimed he changed his attitude towards his alcohol consumption and drank less. In 1994, Applicant drove his car under the influence of alcohol. He was charged with driving under the influence (DUI), and pled guilty to the reduced charge of reckless driving. Applicant failed to disclose this alcohol-related incident in his 2006 SCA.

From October 1997 until July 2004, Applicant worked for a Government contractor in the Far East and possessed access to classified information at the top secret level. In May 1998, while vacationing in the United States, he was convicted of operating a vehicle under the influence of alcohol. He was ordered to complete an alcohol abuse education or treatment program. Applicant failed to disclose this alcohol-related incident in his 2006 SCA. In August 2000, he was charged with DUI while vacationing in the United States. In October 2001, he was convicted of the 2000 DUI charge and sentenced, in part, to serve three days in jail. In November 2001, Applicant provided a sworn statement indicating he joined Alcoholic Anonymous (AA) in November 2000, and that he had been alcohol abstinent for over one year. At his hearing, Applicant claimed he was sober from around August 2000 until sometime in late 2003. He also averred that he voluntarily attended AA meetings on-and-off from 2001 until 2003, because he realized he drank more than most people and he considered his drinking habits were not normal.

Applicant resumed his alcohol consumption in late 2003. He explained he was bored and having marital problems. He started visiting bars on a weekly basis, drinking alcohol, playing pool, and consorting with prostitutes. He explained he paid the bar owner a fee, from \$100 to \$300, to be allowed to take the bar girls out of the bar, and he paid the girls for their sexual services. He took an unrecalled number of girls out of the

bars, approximately once every two weeks on the average. He developed a close personal relationship with a prostitute from Kyrgyzstan (A). Applicant took A out of the bar approximately six times to have paid sex with her, and he also had consensual sex with her numerous times. His relationship continued until he left the Far East in July 2004. However, he continued his contact with A. In 2005-2006, A asked Applicant for money and he sent her \$100. In 2006-2007, Applicant gave her \$900 after she asked for the money. (GEs 4 and 5)

In January 2004, while visiting the bars, Applicant became acquainted with a Far East business man (K). Applicant believed K was involved in organized crime and that K provided protection for prostitution, bars, and illegal drug activities. Applicant assisted K to establish a money laundering scheme.

In August 2006, Applicant was undergoing a contentious divorce. His then wife visited his place of employment and threatened Applicant with disclosing to his employer his consorting with prostitutes and his money laundering scheme with K. A coworker overheard Applicant's argument with his wife. Applicant became afraid he would lose his security clearance and his job if his wife or his coworker disclosed the above information. Applicant contacted his facility security officer (FSO) and disclosed that he established on-line gold trading accounts for K, through which K was able to clean his dirty money. Applicant took a 10 percent cut of the profit. He estimated he received \$50,000 in six months for his participation in the money laundering scheme. After he assisted K on his money laundering scheme, all of Applicant's and his guests bar and prostitute bills were paid by K. Applicant became concerned about his situation and in June 2004, he resigned his job and moved back to the United States. Applicant claimed his actions were legal, but he believed his behavior was unethical. He claimed he has not had any contact with K since he left the Far East in 2004. His disclosure to his FSO resulted in a security clearance incident report, and ultimately, in the pending SOR. (GE 2)

Applicant was interviewed under oath in February 2007, October 2007, and February 2009. In all subsequent interviews, Applicant minimized or contradicted the information he provided to his FSO. In February 2007, he denied receiving any cash for his assistance to K. He admitted; however, that K paid Applicant's large bar and prostitute bills, which could have totaled a couple of thousand dollars at a time. (GE 4) In his October 2007 statement, Applicant admitted he took girls out of the bars on an average of twice a week. He claimed; however, that he never engaged in sexual activities with any of the girls he took out of the bars. At his hearing, he admitted having sexual relations with prostitutes once a month. (Tr. 46) In his February 2009 statement, Applicant denied establishing the gold trading accounts for K. He admitted to teaching K and his associates to establish the on-line gold trading accounts. After the accounts were established, he had his bar and his bar girl services bills paid by K or his associates, but denied receiving any cash.

Applicant was required to disclose to his employer, and to the Government, his continued contacts and association with the bar girls (prostitutes) and K, because they

were foreign nationals. Applicant knew of his obligation and deliberately failed to disclose his association and contacts with foreign nationals. (GE 4) At the time of his association with the foreign nationals, Applicant possessed a top secret security clearance.

In January 2007, Applicant was charged with driving while intoxicated. He was convicted of the reduced charge of reckless driving and ordered, in part, to attend an alcohol treatment/education program for six months.

In February 2009, Applicant provided a sworn statement to a Government investigator in which he stated, in pertinent parts:

I have never been required to have treatment or counseling for the use of alcohol. I do not have an issue with alcohol any longer. I still like to drink when I socialize but I drink in moderation. I generally have two drinks on Wednesday while socializing with fellow workers and occasionally on Friday or Saturday while socializing or at home never having more than two or three drinks at one time. No one has suggested that I have an issue with my drinking and I have not been in any other trouble regarding my drinking since the incident in 2001. . . . I do not have any other adverse involvement with law enforcement as a result of my use of alcohol and I do not use drugs or have ever used any controlled substance.

Applicant submitted an SCA in 2006 in which he failed to disclose his 1994 and 1998 alcohol-related offenses. He explained that he did not disclose his 1994 and 1998 alcohol-related charges because he did not remember them at the time he completed his SCA. He claimed he did not intend to mislead the Government or to falsify his SCA. During the February 2009 interview, Applicant was specifically questioned about his 1994 and 1998 alcohol-related offenses. He did not disclose to the Government investigator he was arrested and charged with DUI in 2007, or his subsequent conviction for the reduced charge of reckless driving. During his September 2009 interview with another investigator, Applicant claimed that he did not disclose his 2007 alcohol-related charge during his February 2009 interview because he forgot about it. At his hearing, Applicant claimed he discussed the 2007 alcohol-related event with the investigator, and that the investigator forgot to include it. (Tr. 75)

In February 2011, Applicant underwent a psychological evaluation in preparation for his security clearance hearing. (AE K). He denied to the psychologist that he engaged in sexual intercourse with prostitutes while in the Far East, and his association with "K," a man Applicant suspected of being connected to organized crime. Applicant disclosed to his psychologist that he consumed alcohol from 1975 until 2009, his four alcohol-related incidents with the law, and his participation in several alcohol-related treatments and counseling programs. He also indicated his intention to never consume

alcohol again. Applicant also disclosed his experimentation with illegal drugs as a youth.³

Applicant was diagnosed with “305.00 Alcohol Abuse r/o 296.43 Bipolar Disorder.” The psychologist recommended Applicant continue his substance abuse treatment, and that he maintain his alcohol abstinence. The psychologist opined that his diagnostic testing did not disclose any cognitive or personality factors that would preclude Applicant’s access to classified information. At his hearing, Applicant stated that he has had problems with alcohol most of his life He claimed he has been alcohol abstinent since his 2007 DUI charge, and that he intends to remain abstinent. He also claimed he did not know what K did for a living.

Policies

The President of the United States 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.” *Department of the Navy v. Egan*, 484 U.S. 518, 527 (1988). The President has authorized the Secretary of Defense to grant 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. The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security, emphasizing that “no one has a ‘right’ to a security clearance.” *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988).

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These AGs 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 adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, to reach his decision.

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 that 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 “in terms of the national interest and

³ Applicant explained he never disclosed in prior SCAs or during background interviews his illegal use of drugs as a youth because he forgot about it. When asked why he stated in his February 2009 interview that he had never used illegal drugs, Applicant again indicated that he had forgotten about it. (Tr. 80)

shall in no sense be a determination as to the loyalty of the applicant concerned.” See Exec. Or. 10865 § 7. See also Executive Order 12968 (Aug. 2, 1995), Section 3. Thus, nothing in this Decision should be construed to suggest that I have based this decision, in whole or in part, on any express or implied determination as to Applicant’s allegiance, loyalty, or patriotism. It is merely an indication that 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 ¶ 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 or her] security clearance.” ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). The burden of disproving a mitigating condition never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005). “[S]ecurity clearance determinations should err, if they must, on the side of denials.” *Egan*, 484 U.S. at 531; see AG ¶ 2(b).

Analysis

Guideline E, Personal Conduct

AG ¶ 15 explains why personal conduct is a security concern stating:

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.

From October 1997 until July 2004, Applicant, a married man, worked for a Government contractor in the Far East and possessed access to classified information at the top secret level. From 2003 until at least July 2004, on multiple occasions he engaged in sexual activity with prostitutes. He also associated with a foreign national business man whom he believed was connected to organized crime and provided protection for prostitutes and illegal drug trafficking activities. Applicant assisted the

foreign national to establish a money laundering scheme. In exchange for his assistance, Applicant accepted a percentage of the money laundered or accepted gratuities of around \$50,000. For approximately six months, Applicant's and his friends' bar and prostitute bills were paid by the foreign national. Applicant was required to disclose his contact and association with foreign persons. He deliberately failed to disclose his contact and association with foreign prostitutes and the foreign national business man.

In August 2006, Applicant was afraid that either his then wife or a coworker would disclose to his employer his association with foreign prostitutes and his money laundering scheme with the foreign national business man. He disclosed to his FSO his contact with prostitutes, his association with the foreign national business man, his money laundering scheme, and his acceptance of gratuities in return for setting up the money laundering scheme.

Applicant deliberately falsified his 2006 SCA when he failed to disclose his 1994 and 1998 alcohol-related charges and convictions. In October 2007, Applicant deliberately falsified material facts in an interview with a Government investigator when he stated that he never had sexual relations with any of the bar girls he took out. He also deliberately falsified material facts in his February 2009 statement when he failed to disclose his 2007 alcohol-related charge and conviction, and when he stated he had no other adverse involvement with law enforcement as a result of his use of alcohol.

Applicant claimed that his failure to disclose his alcohol-related charges and convictions in his SCA was not deliberate or made with the intent to mislead the Government, and that it was an innocent mistake. Concerning his statement that he never had sexual relations with the bar girls he took out, Applicant claimed the investigator either misunderstood his statements or confused him with another applicant. He also claimed that he forgot his 2007 alcohol-related offense and did not disclose it. Considering his age, maturity, experience working for the Army and Government contractors, his experience with the security clearance process, his contradictory statements, and his demeanor while testifying, I find Applicant's claims of innocent mistake not credible.

Applicant's overall questionable behavior triggers the applicability of the following disqualifying conditions under AG ¶ 16:

- (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;
- (b) deliberately providing false or misleading information concerning relevant facts to an employer, investigator, security official, competent medical authority, or other official government representative;

(e) personal conduct, or concealment of information about one's conduct, that creates a vulnerability to exploitation, manipulation, or duress, such as (1) engaging in activities which, if known, may affect the person's personal, professional, or community standing, or (2) while in another country, engaging in any activity that is illegal in that country or that is legal in that country but illegal in the United States and may serve as a basis for exploitation or pressure by the foreign security or intelligence service or other group; and

(g) association with persons involved in criminal activity.

AG ¶ 17 lists seven conditions that could potentially mitigate the personal conduct security concerns:

(a) the individual made prompt, good-faith efforts to correct the omission, concealment, or falsification before being confronted with the facts;

(b) the refusal or failure to cooperate, omission, or concealment was caused or significantly contributed to by improper or inadequate advice of authorized personnel or legal counsel advising or instructing the individual specifically concerning the security clearance process. Upon being made aware of the requirement to cooperate or provide the information, the individual cooperated fully and truthfully;

(c) 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;

(d) the individual has acknowledged the behavior and obtained counseling to change the behavior or taken other positive steps to alleviate the stressors, circumstances, or factors that caused untrustworthy, unreliable, or other inappropriate behavior, and such behavior is unlikely to recur;

(e) the individual has taken positive steps to reduce or eliminate vulnerability to exploitation, manipulation, or duress;

(f) the information was unsubstantiated or from a source of questionable reliability; and

(g) association with persons involved in criminal activity has ceased or occurs under circumstances that do not cast doubt upon the individual's reliability, trustworthiness, judgment, or willingness to comply with rules and regulations.

After considering the above mitigating conditions, I find none apply. Applicant falsified his 2006 SCA, made false statements to Government investigators, repeatedly minimized his questionable behavior, and contradicted his prior statements. His falsifications are serious, recent offenses (felony level).⁴ He made no effort to correct his falsifications until he was questioned by Government investigator about his omissions. Moreover, Applicant's sexual encounters with foreign prostitutes and his questionable association with a foreign business man placed him in a position vulnerable to exploitation, manipulation, and duress. His behavior shows questionable judgment, untrustworthiness, unreliability, and lack of candor.

Guideline G, Alcohol Consumption

Under Guideline G the Government's concern is that excessive alcohol consumption often leads to the exercise of questionable judgment or the failure to control impulses, and can raise questions about an individual's reliability and trustworthiness. AG ¶ 21.

The Government established its case under Guideline G by showing that Applicant has consumed alcohol, at times to excess, from around 1975 until at least 2009. He was convicted of four alcohol-related offenses, including two DUIs. Applicant exercised questionable judgment by driving after consuming alcohol. Moreover, his alcohol-related behavior led to his association with foreign prostitutes and a shady business man.

Applicant continued to consume alcohol after completing several substance abuse counseling or treatment programs. He was diagnosed with alcohol abuse in February 2011. At his hearing, he claimed he had been abstinent since 2007, and that he is attending AA meetings. Notwithstanding, Applicant's falsification of his SCA, his false statements to Government investigators, his contradictory statements, and his demeanor while testifying provide little credibility to his claims of abstinence and continued participation in alcohol counseling programs.

Disqualifying conditions AG ¶ 22(a): "alcohol-related incidents away from work, such as driving while under the influence, . . . or other incidents of concern, regardless of whether the individual is diagnosed as an alcohol abuser or alcohol dependent;" and AG ¶ 22(c): "habitual or binge consumption of alcohol to the point of impaired judgment, regardless of whether the individual is diagnosed as an alcohol abuser or alcohol dependent;" apply.

There are four Alcohol Consumption Mitigating Conditions under AG ¶ 23 potentially applicable to these disqualifying conditions:

- (a) so much time has passed, or the behavior was so infrequent, or it happened under such unusual circumstances that it is unlikely to recur or

⁴ See 18 U.S.C. 1001.

does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;

(b) the individual acknowledges his or her alcoholism or issues of alcohol abuse, provides evidence of actions taken to overcome this problem, and has established a pattern of abstinence (if alcohol dependent) or responsible use (if an alcohol abuser);

(c) the individual is a current employee who is participating in a counseling or treatment program, has no history of previous treatment and relapse, and is making satisfactory progress; and

(d) the individual has successfully completed inpatient or outpatient counseling or rehabilitation along with any required aftercare, has demonstrated a clear and established pattern of modified consumption or abstinence in accordance with treatment recommendations, such as participation in meetings of Alcoholics Anonymous or a similar organization and has received a favorable prognosis by a duly qualified medical professional or a licensed clinical social worker who is a staff member of a recognized alcohol treatment program.

Considering the record as a whole, I find that none of the Guideline G mitigating conditions apply. Applicant has consumed alcohol, at times to the point of intoxication from 1975 to at least 2009. He participated in substance abuse counseling several times, and committed four alcohol-related offenses. Because of his continued use of alcohol after his participation in several treatment programs and his lack of honesty in disclosing his alcohol-related behavior, I find that not enough time has passed for me to conclude that his questionable behavior is unlikely to recur. His past questionable behavior still casts serious doubts on Applicant's reliability and judgment.

Applicant did not establish he is meaningfully participating in any counseling or aftercare treatment program. His actions so far do not convince me that he has fully acknowledged his alcohol-related problems. Moreover, in light of his recent diagnosis, age, history of using alcohol, and the recency of his questionable behavior, Applicant's promise to drink responsibly and to participate in alcohol treatment or counseling without corroboration is not sufficient to show that his questionable behavior is unlikely to recur.

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 relevant 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.

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. AG ¶ 2(c). I have incorporated my comments under Guidelines G and E in my whole-person analysis.

I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. Applicant served 10 years in the Army and has worked for Government contractors since. He is considered to be a highly valuable, skilled, and productive employee. These factors show responsibility, dedication, and some mitigation.

Notwithstanding, the factors weighting against the granting of his security clearance are more substantial. On balance, I conclude that Applicant's favorable evidence is insufficient to mitigate the security concerns arising from his alcohol consumption and personal conduct. Applicant's failure to disclose his association with foreign prostitutes and a foreign shady business man, his actions in establishing a money laundering scheme, and his deliberate falsifications and false statements, create serious doubts of Applicant's eligibility and suitability for a security clearance.

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 B:	WITHDRAWN
Paragraph 2, Guideline D:	WITHDRAWN
Paragraph 3, Guideline E:	AGAINST APPLICANT
Subparagraphs 3.a – 3.f:	Against Applicant
Paragraph 4, Guideline G:	AGAINST APPLICANT
Subparagraphs 4.a – 4.e:	Against Applicant

Conclusion

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 eligibility for a security clearance for Applicant. Eligibility for a security clearance is denied.

JUAN J. RIVERA
Administrative Judge