



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



In the matter of:)	
)	
-----)	ISCR Case No. 09-04990
SSN: -----)	
)	
Applicant for Security Clearance)	

Appearances

For Government: Gina L. Marine, Esquire, Department Counsel
For Applicant: *Pro se*

August 9, 2010

Decision

MATCHINSKI, Elizabeth M., Administrative Judge:

As of September 2009, Applicant owed about \$15,578 in delinquent consumer debt, excluding more than \$6,000 in interest and fees on a loan for a repossessed car. In November 2009, he was informed by the Internal Revenue Service that he owed around \$3,000 in delinquent federal income taxes for 2007. His financial problems were due to overspending and poor record keeping. He no longer uses credit cards, and has paid his smaller debts. While he intends to resolve his remaining debts with the help of a financial advisor, other expenses have kept him from accumulating the funds he needs. Clearance denied.

Statement of the Case

On October 9, 2009, the Defense Office of Hearings and Appeals (DOHA) issued to Applicant a statement of reasons (SOR) detailing the security concerns under Guideline F, Financial Considerations, that provided the basis for its preliminary decision to deny him a security clearance and to refer the matter to an administrative judge. 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 adjudicative guidelines (AG) effective within the Department of Defense on September 1, 2006.

Applicant submitted an undated response to the SOR and requested a hearing. On December 1, 2009, the case was assigned to me to conduct a hearing and to determine whether it is clearly consistent with the national interest to grant or continue a security clearance for him. On December 11, 2009, I scheduled a hearing for January 12, 2010.

I convened the hearing as scheduled. Four Government exhibits (Ex. 1-4) and ten Applicant exhibits (Ex. A-J) were admitted without objection. Applicant also testified, as reflected in a transcript (Tr.) received on January 21, 2010.

The record was held open until February 2, 2010, for him to submit additional financial records. Applicant timely submitted 14 additional exhibits, which were entered without objection as exhibits K through X.

Procedural and Evidentiary Rulings

At the hearing, the Government moved to amend the SOR under ¶ E3.1.17 to add a new subparagraph 1.n under Guideline F based on Applicant's testimony that the Internal Revenue Service (IRS) notified him by letter that he owes about \$3,500 in federal income taxes for tax year 2007. Applicant objected on the basis that the debt might not be valid. I granted the motion over Applicant's objection, and the SOR was amended to add the following allegation:

1.n. You are indebted to the IRS in the approximate amount of \$3,500. As of January 12, 2010, it remains unpaid.

I gave Applicant until January 29, 2010, to respond to the allegation. Applicant filed a post-hearing submission showing he had entered into an installment agreement to repay his debt to the IRS (Ex. X.)

Findings of Fact

The amended SOR alleged under Guideline F, Financial Considerations, that Applicant owed delinquent debt totaling \$15,652 to 13 consumer credit lenders or their assignees as of October 2009 (SOR 1.a-1.m), and that he owed the IRS about \$3,500 as of January 2010. Applicant initially admitted the debts in SOR 1.a through 1.m, although he later successfully disputed the validity of the debt identified in SOR 1.j. He initially questioned the IRS debt in SOR 1.n, but his post-hearing submissions substantiate the debt. After considering the pleadings, transcript, and exhibits, I make the following findings of fact.

Applicant is a 31-year-old information technology administrator. He applied for a security clearance in May 2009 while working full-time as an information systems

security manager for a defense contractor (company X). (Ex. 1.) Applicant's services had been contracted out to company X by a succession of employers from 2003 through 2007. In January 2008, he began working as a temporary employee for company X. (Tr. 67-69, 135.) In February 2009, he became a full-time employee of the defense contractor. In November 2009, Applicant accepted a new job with another employer, contingent in part on a satisfactory background investigation. (Ex. B.) He continued to work for company X on a part-time basis. In early December 2009, Applicant transitioned from full-time status to "casual status" at company X. He contracted with company X to work no more than ten hours per week at an hourly wage of \$75.00 for as long as there is a need for his services. (Ex. C, Tr. 55-59.) Applicant still needs a clearance for his part-time work but he does not require a security clearance for his duties with his new employer.¹ (Tr. 22, 141.)

Applicant served honorably in the United States military from March 1998 to March 2002, and he held a secret-level security clearance during that time. He married his spouse in October 2000. After he served his enlistment term, he worked full time as a computer technician for a hair care products company.² Around February 2003, he began working in the defense sector as a network security engineer. (Ex. 1.)

Applicant opened some credit card accounts (SOR 1.e, 1.l, 1.m) and incurred balances that became delinquent around 2006, despite \$80,000 in annual employment income. (Tr. 68.) In February 2005, in what he now characterizes as "an epic failure in judgment," Applicant obtained a cash loan around \$5,075 to pay for equipment for his spouse's "voice acting" business that never got off the ground. (Ex. 3, 4, Tr. 103-05.) The loan had a very high interest rate ("like 50 percent"). (Tr. 103-04). In October 2005, he took out a \$20,707 automobile loan, on which he made no payments after July 2006 (SOR 1.f). The vehicle was subsequently repossessed, leaving him with a \$10,580 debt for a car that he no longer had. (Ex. 2-4.) In April 2006, his spouse incurred medical costs of \$195 that went unpaid (SOR 1.d). (Ex. 1-4, l.)

Around September 2006, Applicant and his spouse relocated for his work as a contractor at another company X facility. (Ex. G, Tr. 71.) They drove a recreational vehicle across the country, and incurred about \$2,500 or \$3,500 in mechanical repair costs for the vehicle en route. Gasoline expenses totaled "several thousand dollars," twice the amount he expected. (Tr. 146.) They owed \$157 in telephone charges (SOR 1.i), \$78 in library fines (SOR 1.k), and delinquent balances on several consumer credit accounts (SOR 1.e, 1.f, 1.h, 1.l, 1.m) at the time. Applicant did not manage his finances carefully, and did not realize that some of his delinquent debts were minimal in amount (e.g., the debts in SOR 1.h and 1.k). (Tr. 90-91.)

¹Jurisdiction to continue with the hearing was retained because Applicant required a security clearance for his part-time work with company X.

²Applicant testified that he held a secret security clearance when he was in the military, and that his clearance was transferred in subsequent civilian employments. (Tr. 142.) However, it is difficult to see why he would have required a security clearance while working for a hair products company.

In January 2008, Applicant began working for company X as a temporary employee supporting the security department as an information security systems officer. (Ex. H.) Over the next year, Applicant earned approximately \$152,000. (Tr. 68.) He did not make any payments on his delinquent debts because of out-of-pocket medical and prescription drug costs for his spouse that totaled at least \$300 per month. (Tr. 69-70, 73.) But Applicant and his spouse also overspent on restaurant meals. (Tr. 89, 99, 136.) He bought a car with cash while old debts were ignored. (Tr. 136.) Some new medical (SOR 1.a) and veterinary (SOR 1.b) debts were referred for collection. (Ex. 1-4, I.) They moved to increasingly more expensive housing. In November 2007, they went from spending \$700 per month in rent to \$1,250 per month. In August 2008, they moved to a two-bedroom residence “on a fantastic piece of property” at \$1,500 per month. (Tr. 132-33.)

In February 2009, Applicant was hired as a full-time employee by company X at an annual salary of \$89,014. (Ex. 1, 2, Tr. 52-53, 67, 70.) He was given a signing bonus of almost \$5,000 that he used to pay off the cash loan acquired in February 2005. (Ex. 4, Tr. 103-04.)

As the information systems security manager at his facility, Applicant was responsible for guaranteeing the security of the information systems used for classified processing. (Ex. H, Tr. 60.) On May 19, 2009, he applied for a security clearance for his duties. In response to inquiries into his financial record, Applicant disclosed the debts alleged in the SOR as well as a \$249 collection balance not alleged.³ (Ex. 1.) By his June 10, 2009, personal subject interview for his background investigation, Applicant had not resolved his debts. He told the investigator that he intended to repay them, and he was looking into hiring a financial consultant to help him sort out his debt. He was no longer using consumer credit cards. (Ex. 2.)

In July 2009, Applicant paid \$500 in medical costs up-front for elective surgery for his spouse. He used pretax dollars to pay for some expenses related to the surgery. Insurance also covered part of the cost. (Tr. 143-44, 147.)

From his discussions with others in the security department, Applicant believed that the Government would tell him what he had to do to rectify his financial situation. Consequently, he made no payments on his debts in the summer of 2009. (Tr. 88.) When he realized that the Government would not set any requirements for repaying his delinquent debt, Applicant retained the services of a financial advisor at an \$81.25 monthly fee. (Ex. 2, Tr. 78-79.) This financial planner calculated Applicant and his spouse’s net worth at \$10,804. They had no annual cash flow surpluses or deficits. (Ex. 2.) The financial planner advised Applicant to set up payment plans with his creditors, and borrow from his 401(k) account only as a last resort. (Ex. A.) By letter dated September 16, 2009, Applicant notified each of the creditors identified in SOR 1.a through 1.g (duplicated in SOR 1.m), 1.h, and 1.i that he wanted to set up a payment schedule. (Ex. 2.) In October 2009, the creditor identified in SOR 1.e agreed to settle

³Applicant’s credit report dated January 3, 2010 (Ex. I) shows the \$249 debt was satisfied after it was charged off and in collection.

Applicant's debt for half of the balance, provided he made timely, biweekly payments of \$50. (Tr. 50-60.)

After he received the SOR, Applicant began searching for a job where he would not require a security clearance, and for a new apartment to lower his rent. (Tr. 50-51.) In November 2009, Applicant accepted an offer of full-time employment as a Linux administrator with a new employer at a \$96,000 annual salary. (Ex. B.) In early December 2009, he transitioned to "casual status" at company X, where he has since earned \$75 per hour with no benefits for part-time duties. Applicant is expected to work at least one hour but no more than ten hours per week. He remains under contract for as long as his services are needed. In the event a suitable replacement is found and Applicant has completed all open work items, company X will then process his separation as a voluntary resignation. (Ex. C, Tr. 56-57.)

In mid-December 2009, Applicant and his spouse moved to a new apartment, reducing their rental cost from \$1,500 to \$650 per month. (Ex. D., Tr. 51-52.) They incurred about \$800 or \$900 in moving costs, and had to pay a deposit of \$650. (Tr. 112-13.) With his new job looking secure and with his housing costs lower, Applicant contacted his creditors in January 2010 to arrange for repayment of his debts. (Tr. 51.) As of early February 2010, he had made some payments, as reflected in the following table.

Debt	Delinquency history	Payment status as of Feb. 2010
1.a. Medical debt \$211	Incurred late Mar. 2008, for collection. (Ex. 2, 3, I.)	Three \$21.16 payments between Oct. and Dec. 2009 under 10 month plan (Ex. J.), paid in full as of Jan. 28, 2010. (Ex. K.)
1.b. Animal hospital debt \$421	\$1,871 debt incurred in 2007, last activity Aug. 2007, made three \$500 payments, \$421 balance for collection Apr. 2008. (Ex. 2-4.)	Paid \$37.12 per month Oct. to Dec. 2009 (Ex. J.), paid in full as of mid-Jan. 2010. (Ex. L.)
1.c. Telephone company debt \$110 in collection	Debt for Internet services from Nov. 2007, \$110 for collection Dec. 2007. (Ex. 3, 4, I.)	Paid \$45 Jan. 6, 2010. (Ex. J.), satisfied in full as of Jan. 29, 2010. (Ex. M.)
1.d. Medical debt \$195	Incurred by spouse in Apr. 2006, \$178.26 for collection Feb. 2007, balance \$195. (Ex. 1-4, I, N.)	Paid \$27.50 Jan. 5, 2010 (Ex. J.), satisfied in full Jan. 20, 2010. (Ex. N.)

<p>1.e. Credit card debt charged off \$1,777</p>	<p>Opened Oct. 2004, last activity Dec. 2005, \$933 charged off, \$1,688 balance as of May 2009. \$1,777 balance as of Sep. 2009. (Ex. 1-4, I)</p>	<p>Creditor agreed to settle for half of balance. Initial \$100 payment in Oct. 2009 then \$50 every two weeks through Jan. 4, 2010. (Ex. J, Tr. 49-50.) Balance \$1,471.45 as of Jan. 14, 2010. Settled with \$735.73 payment Jan. 15, 2010. (Ex. O.)</p>
<p>1.f. Auto loan charged off around \$10,000 balance</p>	<p>Seven year \$20,707 car loan taken out Aug. 2005, \$450 monthly payments. Last activity Jul. 2006, repossession, \$11,508 charged off, \$10,580 balance reported on his credit record as of May 2009. (Ex. 1-4, I.) Collection agency claims balance almost \$17,000 as of Jan. 2010. (Tr. 141.)</p>	<p>Collection agency wanted six months of payments around \$300, but then a balloon payment that Applicant objected to because the creditor would not clarify the terms. (Ex. J, Tr. 83-84.) Applicant intends to borrow from his 401(k) to pay off it off in a lump sum when he has enough in the 401(k). (Ex. P, Tr. 35.)</p>
<p>1.g. Credit card debt \$1,399 in collection</p>	<p>Opened Sep. 2003, \$500 spending limit, \$442 past due balance, last activity Nov. 2005, for collection Jan. 2008, \$1,399 for collection Jan. 2008 but (Ex. 1-4, I.)</p>	<p>Collection agency agreed to accept \$250 per month, payment by debit card, balance \$1,149.24 as of Feb. 1, 2010. (Ex. J, Q.)</p>
<p>1.h. Credit card debt charged off \$37</p>	<p>Opened Sep. 1997, \$200 high credit, \$37 balance past due since May 2006. (Ex. 1-4, I.)</p>	<p>Paid in full Jan. 4, 2010. (Ex. J, R.)</p>
<p>1.i. Telephone debt \$157 in collection</p>	<p>Balance \$157 for collection Jun. 2008, unpaid as of Jun. 2009. (Ex. 1, 3, I.)</p>	<p>Satisfied Jan. 6, 2010 with \$156.67 payment. (Ex. J, S.)</p>
<p>1.j. Utility services debt \$154 in collection</p>	<p>No activity since Jun. 2006, \$154 balance in collection as of Mar. 2009. (Ex. 1-3, I.)</p>	<p>Disputed debt because paid in 2006, removed by two credit bureaus from his credit record, and creditor reports zero balance. (Ex. I, J, T, Tr. 100.)</p>

1.k. Library debt \$78 in collection	Balance \$78 for collection Feb. 2008. (Ex. 1, 3, I.)	Paid \$78 to satisfy debt as of Jan. 6, 2010. (Ex. J, U.)
1.l. Credit card debt \$613 charged off	Opened Aug. 2004, last activity Jan. 2006, \$613 balance in collection. (Ex. 1-4, I.)	No success in reaching creditor as of early Feb. 2010 despite numerous attempts. (Ex. J, V, Tr. 81.)
1.m. Collection debt \$500	In collection with agency identified in SOR 1.g	See SOR 1.g.
1.n. Federal income tax debt \$3,500	Tax debt around \$3,218 for 2007 past due as of Nov. 2009. (Ex. X.)	Paid \$281.46 by credit card Jan. 2010, \$275 monthly installment payments to begin Feb. 23, 2010. (Ex. X.)

Around November 2009, Applicant learned from the IRS that he owed delinquent federal income taxes for 2007 (SOR 1.n) and that the IRS had no record of him filing a return for 2004. (Tr. 118.) On January 28, 2010, he paid \$1,125, which he calculated to be his tax debt for 2004 excluding any penalties and interest on unpaid taxes. (Ex. X.) Applicant owed an additional \$2,937 for tax year 2007. He paid \$281.46 by credit card on January 4, 2010, toward his 2007 federal income tax debt. (Ex. X, Tr. 120.) On January 28, 2010, he and his spouse entered into an installment agreement authorizing the IRS to debit their bank account at \$275 per month starting February 23, 2010. (Ex. X.)

As of mid-January 2010, Applicant had around \$5,500 in 401(k) assets (Tr. 114.), \$300 in checking account deposits, and \$118 in savings. (Tr. 116.) He was saving little to pay off his old debts because of expenses related to his move, to acquiring his new job (a new suit), and veterinary bills (“The cats all got sick again.”). (Tr. 111.) In January 2010, he tried to open a new credit card account because he thought he had made some progress in repairing his credit, but he was turned down. (Tr. 123-24.) Applicant and his spouse drive older model vehicles. He bought one vehicle with cash and paid off the other car in November 2009. (Tr. 116.) Applicant pays \$195 per month for cellular phone service for him and his wife. (Tr. 127.) Her financial contributions to the home have been minimal. Applicant’s spouse has not held any job for longer than four months at a time. (Tr. 130.)

Company X’s corporate security director is familiar with Applicant’s job performance since he started as a contractor in 2003. In her opinion, Applicant takes his professional responsibilities very seriously. On assuming the duties of an information systems security officer and more recently as information systems security manager, Applicant worked diligently to understand and comply with the National Industrial Security Program Operating Manual, and with company X’s corporate security policies within the classified work environment. (Ex. H.) Company X’s local facility security officer (FSO) has been impressed by Applicant’s “dedication, persistence, and commitment to his work.” Applicant handled a number of secure computer systems

within the facility, and had access to all of the classified labs. While there were some “minor administrative incidents” at the facility, none of them resulted in compromise. Applicant gave the FSO no reason to question his integrity, or to suspect that he would be incapable of safeguarding classified information. (Ex. G.) In August 2009, the Defense Security Service accredited a network system for processing secret-level information. Applicant was given self-certification authority for similar information systems that operate in equivalent environments. (Ex. F.)

Policies

The U.S. Supreme Court has recognized the substantial discretion the Executive Branch has 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). When evaluating an applicant’s suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are required to be considered 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 overarching adjudicative goal is a fair, impartial, and commonsense 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. 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 to obtain 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 that the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about the 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 about finances 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.

Applicant did not monitor his or his spouse’s spending, and he made some poor financial decisions, most notably acquiring the cash loan in February 2005. He began to fall behind on some accounts during the 2005/06 time frame. He stopped paying on a car loan, and his vehicle was repossessed. Three sizeable credit card delinquencies (SOR 1.e, 1.g (duplicate in 1.m), and 1.l) went unpaid, despite Applicant’s \$152,000 in gross pay as a temporary employee for company X in 2008. While he had substantial medical and prescription costs for his spouse, he did not have a budget. Applicant and his spouse continued to eat out frequently. He bought a car with cash rather than make payments on his past due debts. By September 2009, he owed more than \$15,000 in delinquent consumer credit debt. In November 2009, Applicant learned he owed delinquent federal income taxes. AG ¶ 19(a), “inability or unwillingness to satisfy debts,” and AG ¶ 19(c), “a history of not meeting financial obligations,” are implicated. AG ¶ 19(b), “indebtedness caused by frivolous or irresponsible spending and the absence of any evidence of willingness or intent to pay the debt or establish a realistic plan to pay the debt,” aptly describes his financial behavior from 2005 until September 2009, when he began to take steps to address his debts and to monitor his spending habits.

Concerning potential factors in mitigation, while the debts identified in SOR 1.d through 1.h and 1.l were from 2006 if not before, Applicant was financially negligent in taking no steps to resolve them before September 2009. Furthermore, it was irresponsible of Applicant to have allowed relatively recent obligations, such as those in SOR 1.a through 1.d, to be placed for collection. Under the circumstances, AG ¶ 20(a), “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,” is not pertinent.

AG ¶ 20(b), “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,” also does not apply. Many of the debts

were incurred voluntarily. Although Applicant had no control over the high cost of his spouse's prescriptions, they were a known, ongoing expense. Applicant's income, which ranged from \$70,000 to about \$152,000 annually, was sufficiently ample to cover their expenses had he budgeted for them. While Applicant had unexpected mechanical costs when he relocated in 2006, it was his choice to drive across the country in a recreational vehicle. He should not have been surprised by the cost of gasoline. Nor does AG ¶ 20(b) mitigate the poor judgment he exhibited when he took out the loan with an interest rate around 50% to pay for equipment for a business venture for his spouse.

AG ¶ 20(c), "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," must be considered because Applicant has been working with a financial planner since late summer 2009 to sort out his debt and establish a sound financial plan for the future. AG ¶ 20(d), "the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts," is also pertinent because Applicant satisfied his smaller debts, albeit not until after his hearing. In late January 2010, he entered into an installment plan to repay his federal tax delinquency for tax year 2007. But it is difficult to fully mitigate the financial judgment concerns under either AG ¶ 20(c) or AG ¶ 20(d). His efforts to repay his debts are too recent to establish a track record of financial responsibility. Furthermore, in September 2009, his net worth was only \$10,804, less than the balance of his delinquent debts. Despite an annual salary of \$96,000 from his new employer, and extra income from his part-time work at company X, he had minimal savings and checking funds as of mid-January 2010. His move to a less expensive apartment in mid-December 2009 is a credible effort to increase his financial assets, but it is unclear when he will be able to resolve the financial concerns.

AG ¶ 20(e), "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," applies only to the \$154 utility debt in SOR 1.j. After the hearing, Applicant provided a record from the collection agency showing that he had a zero balance on the account (Ex. T.), which tends to corroborate his claim that he paid the debt in 2006.

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 conduct and all relevant circumstances in light of the nine adjudicative process factors listed at AG ¶ 2(a).⁴ Applicant's financial problems are of his own making. He did not monitor his

⁴The adjudicative process requires assessment of the following factors:

(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

spending on restaurant meals. He took out some questionable loans, most notably the cash loan at a 50 percent interest rate.

As of late January 2010, Applicant had paid off his smaller debts. He was under payment plans to repay his federal income tax debt at \$275 per month and the credit card debt in SOR 1.g at \$250 per month. He consulted a financial advisor, and reduced his expenses, especially his rent. These are some positive initial steps toward financial responsibility, but they are too recent to fully alleviate the financial judgment concerns. Even assuming he continues to make these payments, I cannot conclude at this time that his financial problems are behind him. Applicant's plans to address his remaining, larger delinquencies include borrowing from his 401(k) assets to pay off the debt in SOR 1.f in a lump sum. The collection agency is demanding payment of almost \$17,000. As of January 2010, he did not have enough in his 401(k) account. He has had no success in reaching the credit card lender identified in SOR 1.i. He was turned down for a credit card in January 2010 due to his poor credit despite a salary of \$96,000 per year. He has little money saved because of other expenses (e.g., new suit for his new job, moving costs, veterinary expenses). While his record of compliance with the procedures for the handling of classified information is in his favor, he has not fully mitigated the judgment concerns raised by his years of overspending and of disregard of known debts.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the amended SOR, as required by section E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F: AGAINST 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:	Against Applicant
Subparagraph 1.g:	For Applicant
Subparagraph 1.h:	For Applicant
Subparagraph 1.i:	For Applicant
Subparagraph 1.j:	For Applicant
Subparagraph 1.k:	For Applicant
Subparagraph 1.l:	Against Applicant
Subparagraph 1.m:	For Applicant
Subparagraph 1.n:	For Applicant

recurrence.

Conclusion

In light of the record in this case, 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.

Elizabeth M. Matchinski
Administrative Judge