



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



In the matter of: )  
)  
) ISCR Case No. 11-01991  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Alison O’Connell, Esquire, Department Counsel  
For Applicant: Alexander M. Laughlin, Esquire

05/07/2012

**Decision**

HENRY, Mary E., Administrative Judge:

Based upon a review of the pleadings, exhibits, and testimony, Applicant’s eligibility for access to classified information is granted.

**Statement of the Case**

Applicant signed an Electronic Questionnaire for Investigations Processing (e-QIP) on September 27, 2010. The Defense Office of Hearings and Appeals (DOHA) issued Applicant a Statement of Reasons (SOR) on December 22, 2011, detailing security concerns under Guideline F, financial considerations. 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 For Determining Eligibility for Access to Classified Information* (AG) implemented on September 1, 2006.

Applicant received the SOR on January 3, 2012, which he answered on February 3, 2012. Applicant retained counsel and requested a hearing before an administrative judge. DOHA received the request, and Department Counsel was prepared to proceed on February 15, 2012. I received the case assignment on February 21, 2012. DOHA issued a Notice of Hearing on March 6, 2012, and I convened the hearing as scheduled on March 29, 2012. The Government offered exhibits marked as GE 1 through GE 7, which were received and admitted into evidence without objection. Applicant testified. He submitted exhibits marked as AE A through AE N, which were received and admitted into evidence without objection. The record closed on March 29, 2012. DOHA received the hearing transcript (Tr.) on April 6, 2012.

### **Findings of Fact**

In his Answer to the SOR, Applicant admitted the factual allegations in ¶ 1.a of the SOR. His admissions are incorporated herein as findings of fact. He denied the factual allegations in ¶ 1.b of the SOR.<sup>1</sup> He also provided additional information to support his request for eligibility for a security clearance. After a complete and thorough review of the evidence of record, I make the following additional findings of fact.

Applicant, who is 31 years old, works as a principal engineer for a Department of Defense contractor. He began his employment with this company in 2004 as an associate engineer. The company promoted him in 2006 to engineer, in 2008 to senior engineer, and to his present position in 2011.<sup>2</sup>

Applicant's direct supervisor, the senior security analyst, and a co-worker submitted letters of recommendation. His supervisor indicated Applicant's work had exceeded all expectations since 2004. His superior performance led to his quick promotions. His company and its customers benefit from his technical contributions and capabilities and his personal manner. Applicant has held a security clearance for seven years. His security analyst states that Applicant views security seriously. He works in a classified environment daily and has not violated security procedures. He is entrusted with combinations to program closed areas and is one of five people authorized to perform trusted downloads for the program. He takes his duty to protect national security seriously. His co-worker knows him at work and outside of work. He trusts Applicant implicitly and indicates that Applicant never cuts corners, fails to complete

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<sup>1</sup>When SOR allegations are controverted, the Government bears the burden of producing evidence sufficient to prove controverted allegations. Directive, ¶ E3.1.14. "That burden has two components. First, the Government must establish by substantial evidence that the facts and events alleged in the SOR indeed took place. Second, the Government must establish a nexus between the existence of the established facts and events and a legitimate security concern." See ISCR Case No. 07-18525 at 4 (App. Bd. Feb. 18, 2009), (concurring and dissenting, in part) (citations omitted). 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. 08-06605 at 3 (App. Bd. Feb. 4, 2010); ISCR Case No. 08-07290 at 2 (App. Bd. Nov. 17, 2009).

<sup>2</sup>GE 1; Tr. 27-30.

work, and honors his commitments. These individuals do not indicate any knowledge of his financial problems.<sup>3</sup>

Applicant received a bachelor's degree in aerospace engineering and a master's degree in business administration. He and his wife married in April 2007. He has a 15-month-old son.

Applicant earns \$6,464 a month in gross income and receives \$3,523 a month in net income. His wife earns approximately \$5,467 a month in gross income plus occasional overtime pay. Her monthly net income is approximately \$4,400. Their total net household monthly income is approximately \$7,923. Their total monthly expenses are approximately \$5,060. Applicant estimates their monthly miscellaneous expenses at \$1,000. These periodic expenses include house maintenance, entertainment, eating out, haircuts, car repairs, and other necessary expenditures for daily living. His monthly disposable income is approximately \$1,863. He owns two 2006 cars and a 2005 motorcycle debt free. He pays his credit card bills in full each month. The credit reports of record show that he pays his bills and has no outstanding debt other than the two mortgage debts listed in the SOR.<sup>4</sup>

In 2006, Applicant decided to purchase a house. He pre-qualified for a mortgage up to \$350,000. Applicant purchased a single-family house on less than two and one-half acres of land for \$207,000 because he was concerned about his ability to pay a higher monthly mortgage payment. He financed the house through the builder with a \$166,000 first mortgage at a 6.5% fixed rate and a \$41,500 second mortgage at 8.25% fixed rate for 15 years, but amortized over 30 years. At the end of 15 years, there would be a balloon payment due on the second mortgage. His monthly payments plus homeowners dues totaled approximately \$1,750. His girlfriend, now wife, moved into the house a few months after he moved into the house.<sup>5</sup>

By June 2008, Applicant recognized a problem with housing on his street. Of the 20 houses owner occupied in 2006, only four or five were still owner occupied. He determined from two internet sites that the value of his house had declined to \$150,000 by 2008. He spoke with his financial advisor, who recommended he abandon the property, and with a real estate lawyer, who told him about the state's anti-deficiency statutes. After learning this information, he started calling his mortgage lender once a month to discuss his options. When he called the mortgage lender, his call was placed on hold for 30 to 45 minutes before he spoke with a person. His call was transferred two or three times before he could speak with a person. When he finally spoke with the right person, he was told that since his mortgage payment was current, he had no options. In

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<sup>3</sup>AE B - AE D.

<sup>4</sup>GE 3 - GE 7; Tr. 52, 67-68, 74-75.

<sup>5</sup>GE 2; Tr. 36-41.

2009, he spoke with a real estate broker about selling his house. The real estate broker advised him that it would be difficult to find a buyer for his property.<sup>6</sup>

Applicant and his wife decided to purchase another property closer to his work and larger than the above property. He again received loan pre-qualification, this time in the amount of \$450,000. He and his wife found another house, which they purchased for \$300,000. He chose not to purchase a more expensive house, because he wanted to pay his monthly payment. He and his wife moved into their new home in January 2010.<sup>7</sup>

Applicant stopped paying his monthly mortgage payment on his first home in January 2010 because the value of the house had decreased more than 50%. He acknowledged that he decided not to honor his contract on this property. After he stopped his payments, he eventually spoke with his mortgage lender, after several failed attempts. When he asked about his options, the lender told him that his only option was foreclosure. The lender did not suggest a short-sale or deed-in-lieu of foreclosure. Applicant decided not to rent his first house.<sup>8</sup> He continued to pay his homeowners association fees and his utility bills. He also maintained the yard and the house until it was sold.<sup>9</sup>

On May 12, 2010, the notice of trustee's sale was sent for Applicant's property. The trustee sold this property on August 11, 2010 for \$167,000 to a mortgage association. On October 29, 2010, the mortgage association, as the grantor, conveyed this property by a special warranty deed for \$10 to an investment company, the grantee. Under the special warranty deed, the grantor warranted that it has not done or suffered anything to encumber the property, and the grantee was prohibited from conveying the property for a sales price of greater than \$81,840 for three months.<sup>10</sup>

Applicant has never received any documents from the mortgage lender requesting him to pay a deficiency balance. He has never received a 1099 form from the mortgage lender nor has the Internal Revenue Service (IRS), even though Applicant believes the bank had an obligation to send the form. The November 5, 2010 credit report reflects that the mortgage lender for the first mortgage reclaimed the property to

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<sup>6</sup>GE 2; Tr. 41-45, 71-72.

<sup>7</sup>GE 2; Tr. 45-47.

<sup>8</sup>For the mortgage lender to agree to a short-sale or a deed-in-lieu of foreclosure, a person must stop paying their monthly mortgage payments.

<sup>9</sup>Tr. 47-49, 50-51, 65-66.

<sup>10</sup>Applicant testified that to his knowledge, when the bank reclaimed his house, it put the value of the loan in the foreclosure documents, but that no money was actually paid. He also indicated that the special warranty deed was to prevent flipping of houses. Tr. 66, 70-71.

settle a defaulted mortgage and that the balance on the mortgage was zero. The second mortgage is listed as a charge off with a zero balance.<sup>11</sup>

Applicant's counsel provided a copy of the state anti-deficiency statute, which states as follows:

33-729 Purchase money mortgage; limitation of liability

A. Except as provided in subsection B, if a mortgage is given to secure the payment of the balance of the purchase price, or to secure a loan to pay all or part of the purchase price, of a parcel of real property of two and one-half acres or less which is limited to and utilized for either a single one-family or single two-family dwelling, the lien of judgment in an action to foreclose such mortgage shall not extend to any other property of the judgment debtor, nor may general execution be issued against the judgment debtor to enforce such judgment, and if the proceeds of the mortgaged real property sold under special execution are insufficient to satisfy the judgment, the judgment may not otherwise be satisfied out of other property of the judgment debtor, notwithstanding any agreement to the contrary.

B. The balance due on a mortgage foreclosure judgment after sale of the mortgaged property shall constitute a lien against other property of the judgment debtor, general execution may be issued thereon, and the judgment may be otherwise satisfied out of other property of the judgment debtor, if the court determines, after sale upon special execution and upon written application and such notice to the judgment debtor as the court may require, that the sale price was less than the amount of the judgment because of diminution in the value of such real property while such property was in the ownership, possession, or control of the judgment debtor because of voluntary waste committed or permitted by the judgment debtor, not to exceed the amount of diminution in value as determined by the court.<sup>12</sup>

Applicant's counsel also provided a copy of the state statute 33-814 which outlines the process for a trustee to recover a deficiency judgement. This statute contains two exceptions for recovery of a deficiency judgment. Under one exception, when a trust property of two and one-half acres or less which is limited to and utilized for either a single one-family or a single two-family dwelling is sold through the trustee's

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<sup>11</sup>GE 4; Tr. 66-67, 75-76.

<sup>12</sup>Response to SOR; AE J.

power of sale, then no action may be maintained to recover any difference between the amount of the sale and the amount of indebtedness.<sup>13</sup>

State law provides that the mortgage loan given to Applicant is a nonrecourse loan. The Trustee's Deed Upon Sale indicates that Applicant's property sold on August 11, 2010. This document does not reflect any diminution in the value of this property because of waste, as defined in the statute, by Applicant. He continued to maintain the property until its sale. The final sale document does not show that Applicant owes any money due to waste of the property, and under state law, he does not have a deficiency balance.<sup>14</sup>

Congress passed the Mortgage Forgiveness Debt Relief Act of 2007, then later extended its provisions through calendar year 2012. This federal statute allows taxpayers to exclude income from the discharge of debt on their principal residence on their taxes for the year in which the debt was cancelled. The statute also provides some exceptions on what is taxable income from cancelled debt, and specifically identified non-recourse loans as non-taxable income. A non-recourse loan is a loan for which the lender's only remedy when default occurs is to repossess the property financed or used as collateral. The lender has no further right to pursue the debtor personally for any balance due. See [www.irs.gov/individuals/article/0,,id=179414,00.html](http://www.irs.gov/individuals/article/0,,id=179414,00.html) (The Mortgage Forgiveness Debt Relief Act and Debt Cancellation). Property sold at a Trustee's sale is treated for tax purposes as a sale of the residence, which requires the mortgage lender to issue a 1099-C. The lender should check the box on the form which indicates that the individual is not personally liable. The lack of liability arises from the state anti-deficiency statute.<sup>15</sup> The highest court in his state has also held that the holder of a second mortgage is prohibited from suing for monies due on a second mortgage under the State's anti-deficiency statute.<sup>16</sup>

## Policies

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 used 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

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<sup>13</sup>AE K.

<sup>14</sup>*Id.*; Response to SOR.

<sup>15</sup>See also AE L.

<sup>16</sup>AE N.

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, an applicant is responsible for presenting “witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel. . . .” An applicant has the ultimate burden of persuasion for obtaining a favorable security decision.

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. Decisions include, by necessity, consideration of the possible risk an applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified information.

Section 7 of Executive Order 10865 provides that decisions shall be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See *also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

## **Analysis**

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

The security concern relating to the guideline for Financial Considerations is set out in AG ¶ 18:

Failure or inability to live within one’s means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual’s reliability, trustworthiness and ability to

protect classified information. An individual who is financially overextended is at risk of having to engage in illegal acts to generate funds.

AG ¶ 19 describes the disqualifying conditions that could raise security concerns. I have considered all the conditions, and the following are potentially applicable:

(a) inability or unwillingness to satisfy debts.

Applicant decided not to pay the mortgages on his first home after the property value declined, and he had purchased a second home. This disqualifying condition applies.

The Financial Considerations guideline also includes examples of conditions that can mitigate security concerns. I have considered mitigating factors AG ¶ 20(a) through 20(f), and the following are potentially applicable:

(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;

(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;

(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; and

(d) the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.

Applicant's delinquent debts are "a continuing course of conduct" under the Appeal Board's jurisprudence because he had a large delinquent debt in 2010. See ISCR Case No. 07-11814 at 3 (App. Bd. Aug. 29, 2008) (citing ISCR Case No. 01-03695 (App. Bd. Oct. 16, 2002)). Applicant does not receive credit under AG ¶ 20(a) even though he established that his financial problems "occurred under such circumstances that [they are] unlikely to recur." Applicant has resolved his delinquent SOR debt, and is unlikely Applicant will have delinquent debt in the future.

AG ¶ 20(b) does not apply because Applicant has not shown that his financial problem arose from circumstances beyond his control. The loss of value in house when the real estate market declined is a factor beyond his control. However, he paid his mortgage and had sufficient funds to do so despite the decline in the market value of his house. No other factors beyond his control occurred to create his financial problem.



Applicant's mortgage debt on his property is resolved by operation of law. The state anti-deficiency statute prohibits Applicant's mortgage lender from seeking to recover the more than \$100,000 balance due on his first and second mortgage loans after foreclosure. Under state law, the loans on residence are non-recourse loans. Federal law requires the mortgage lender to issue a 1099-C, a tax form, which shows that no taxable income arose from the sale of his property, but the lender has not done so. Applicant has no control over the failure of the lender to issue a document required by law.<sup>17</sup> In addition, the November 5, 2010 credit report shows a zero balance on the primary mortgage after the lender reclaimed the property to settle a defaulted mortgage. Applicant pays his other bills and his finances are under control. AG ¶ 20(c) applies.

Applicant has not made a good-faith effort to pay his mortgage debts. AG ¶ 20(d) is not applicable. AG ¶¶ 20(e) and 20(f) are also not applicable in this case.

### **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 an 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.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. The decision to grant or deny a security clearance requires a careful weighing of all relevant factors, both favorable and unfavorable. In so doing, an administrative judge must review all the evidence of record, not a single item in isolation, to determine if a security concern is established and then whether it is mitigated. A determination of an applicant's eligibility for a security clearance should not be made as punishment for specific past conduct,

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<sup>17</sup>The Appeal Board held that a 1099-C is one way to show there is clear evidence that the state law has extinguished the debt. See ISCR Case No. 10-01978. The 1099-C is a tax form which provides information to the Internal Revenue Service on whether taxable income arose from the sale of a property. In this case, state law makes it clear that Applicant does not owe any money on her mortgage loan.

but on a reasonable and careful evaluation of all the evidence of record to decide if a nexus exists between established facts and a legitimate security concern.<sup>18</sup>

The evidence in support of granting a security clearance to Applicant under the whole-person concept is more substantial than the evidence in support of denial. In reaching a conclusion, I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. When the market value of his first home declined by more than 50% over the first three years of ownership, Applicant made a decision to purchase a new house and stop paying the mortgage on his first house. After moving from his first house, he continued to maintain the property, which included keeping up the lawn, paying his homeowners fees and paying the utilities, duties required under the Deed of Trust. He continued to spend time at the house, which allowed him to determine if unanticipated damage or problems with the house had arisen. Both Applicant and the mortgage lender benefitted from his continued maintenance of the house.

Applicant timely paid his mortgage each and every month until January 2010. Before he decided to stop paying his mortgage, he made regular attempts to discuss his options with the mortgage lender. When he finally spoke with a representative, he was told he had no options because he paid his mortgage every month.

Applicant spoke with his financial advisor, who told him his best course of action was to abandon the house, and with a lawyer, who gave him advice about his legal liability should he abandon the house. In 2009, he approached a realtor about selling the house. The realtor told him that it would be difficult to find a buyer. DOHA cases reflect that since Applicant talked with the realtor in 2009 and defaulted on his mortgage in 2010, short-sales have increasingly become a way to resolve mortgages issues with properties devalued in the economic decline. Mortgage lenders and banks refused to employ short-sales and deed-in-lieu of foreclosure as a mechanism to resolve defaulted

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<sup>18</sup>In its December 28, 2011 decision in ISCR CASE No. 10-04405, the Appeal Board provided guidance for administrative judges when doing a “whole-person” analysis. The Appeal Board stated:

. . . A whole-person analysis entails an examination of the entirety of the record evidence in relation to the security concerns raised in a SOR. See, e.g., ISCR Case No. 02-28891 at 4 (App. Bd. Apr. 22, 2004). Although the Directive lists certain factors which are normally associated with a whole-person analysis, these are not exhaustive. See, e.g., ISCR Case No. 04-00540 at 7 (App. Bd. Jan. 5, 2007). A Judge may conclude, as a result of his whole-person analysis, that an applicant is a person of good character. However, that analysis requires the Judge to proceed with the question of whether there is a nexus between an applicant’s evidence of good character and the applicant’s claim that he has mitigated the security concerns in his case. See, e.g., ISCR Case No. 04-00109 at 4-5 (App. Bd. Jul. 13, 2006). In a Guideline F case, a whole-person analysis would require a Judge to consider whether an applicant’s mitigation evidence bears a rational connection to a conclusion that the applicant would resist those pressures that are a reasonably foreseeable from his financial delinquencies. See *Motor Vehicle Mfrs. Ass’n of the United States v. State Farm Mut. Auto Ins. Co.*, 463 U.S. 29, 43 (1983) Viewed in this way, a favorable whole-person analysis would mean that the Judge has found such a nexus and that applicant should be cleared.

mortgages for several years, but more recently have decided that this option is preferable. His mortgage lender failed to discuss this option with Applicant, telling him his only option was to proceed with foreclosure. Based on all the information and advice he had received, he decided to stop paying his mortgage. Renting the property produces income, but it also is fraught with problems such as nonpaying tenants, particularly in poor economic times, and property damage, which at times can cost thousands of dollars to repair. With all the advice given to him, not one of these individuals or the Applicant considered his security clearance an issue, thus he did not receive any advice on the impact his decision and their advice would have on his security clearance. Applicant carefully considered his long-term goals and the negative financial impact of paying for his house that had depreciated more than 50% in value. He made an informed decision, not a careless or haphazard decision, to abandon his house. Essentially, he made a business decision which, in security clearance law raises questions of poor judgment and lack of responsibility to honor one's contracts.

Applicant owns his cars. He timely pays his current mortgage, utility bills, credit card bills, and all other bills every month and always has. He does not have excessive debt nor has he financially over-extended himself. Although he pre-qualified for a higher mortgage twice, he always chose to purchase a less costly house as an assurance to himself that he could pay the mortgage. In making these decisions, he showed prudence and reasonable judgment. As verified by his employer's security analyst, he has never violated the rules and procedures for handling classified information in his seven years of working at his current job. His manager praises his work ethic, but does not show an indication that he is aware of Applicant's decision to breach his purchase contract on his house. Applicant listed his foreclosure on his e-QIP, and has been forthright open about his decision. Given his overall financial track record and his outstanding work record, Applicant's decision on his mortgage cannot be used to coerce or force him to reveal classified information. His decision on his mortgage does raise a question about how he exercises his judgment and his ability to act responsibly. He received advice from a financial advisor, a realtor, and a lawyer, which came from their experiences in their professions and would be considered reasonable and accurate professional advice under these circumstances. Given his decision to walk away from his contract when he could have remained in the house and paid the mortgage, the issue becomes will he make poor decisions about or act irresponsibly when handling classified information. He did not make the decision to walk away from his first home mortgage impulsively or in haste; rather, he sought guidance and gathered information on how to resolve the issue he believed he had. He sought help from the mortgage lender for assistance, but, as mentioned previously, received none. Having considered both his bad decision to walk away from his contractual obligations, his overall prudent fiscal management, and his good character disclosed in this record, I find that he has established the requisite nexus showing that he would exercise good judgment in handling classified information as he has done in the past and not could resist those

pressures reasonably foreseeable from his foreclosure.<sup>19</sup> In weighing the all the evidence of record, I find that Applicant has mitigated the Government's security concerns.

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant mitigated the security concerns arising from his finances under 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:	FOR APPLICANT
Subparagraph 1.a:	For Applicant
Subparagraph 1.b:	For Applicant

### **Conclusion**

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

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MARY E. HENRY  
Administrative Judge

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<sup>19</sup>Department Counsel argues the Government cannot be sure Applicant will not make the same decision in the future under similar circumstances. In light of his overall conservative financial decision making and this proceeding to deny him a security clearance, an assumption cannot be made that Applicant will make this same decision in the future.