



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



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| In the matter of: |) | |
| |) | |
| |) | ISCR Case No. 12-01037 |
| |) | |
| Applicant for Security Clearance |) | |

Appearances

For Government: Philip J. Katauskas, Esq., Department Counsel
For Applicant: *Pro se*

08/10/2012

Decision

COACHER, Robert E., Administrative Judge:

Applicant failed to mitigate the security concerns under Guideline F, financial considerations. Applicant's eligibility for a security clearance is denied.

Statement of the Case

On March 28, 2012, the Defense Office of Hearings and Appeals (DOHA) issued Applicant a Statement of Reasons (SOR) detailing security concerns under Guideline F, financial considerations. DOHA acted 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 answered the SOR on April 13, 2012, and elected to have her case decided on the written record. Department Counsel submitted the Government's File of Relevant Material (FORM) on May 31, 2012. The FORM was mailed to Applicant and

she received it on June 12, 2012. Applicant was given an opportunity to file objections and submit material in refutation, extenuation, or mitigation. She did not provide any additional information. The case was assigned to me on August 1, 2012.

Findings of Fact

In Applicant's answer to the SOR, she admitted every SOR allegation. Those admissions are adopted as findings of fact. After a thorough and careful review of the pleadings and exhibits submitted, I make the following findings of fact.

Applicant is 34 years old. She is divorced and has two children. She has worked for her current employer, a defense contractor, since August 2010. She is an information systems security officer. She is a high school graduate with some college. She served in the U.S. Navy for over 11 years until she was honorably discharged in 2008.¹

The debts listed in the SOR are supported by credit reports dated August 2010 and September 2011. The delinquent debts alleged in SOR ¶¶ 1.a – 1.f are various consumer debts totaling about \$9,594. The delinquent debts alleged in SOR ¶¶ 1.g – and 1.i² resulted from two vehicle repossessions and total about \$26,854. However, the record is ambiguous concerning the repossession debt listed at SOR ¶ 1.i with a balance of \$16,353. The credit report listing this debt does not show that it is in a delinquent status and the Government presented no other evidence showing that this debt was delinquent. In her answer to this allegation, Applicant admits to the debt, but states that it is currently up to date. Applicant presented no proof of payment for any of the remaining debts. Those debts remain unresolved.³

In her security clearance interview with an investigator, she explained several reasons for her financial difficulties. She had periods of unemployment from March 2008 to June 2008, after she left the Navy. She collected unemployment benefits during this time. Her second period of unemployment was from March 2010 to August 2010. She voluntarily left her job to accompany her military husband on an overseas assignment. However, she did not make the move because their son could not be sponsored on the military facility because of his past criminal record.⁴

She also, in her own words, "bit off more than she could chew" when she purchased a home in 2006 for over \$200,000. This home was foreclosed in 2007. She

¹ Item 6.

² The SOR failed to list a ¶ 1.h. This decision will refer to the SOR paragraphs for clarity.

³ Items 4, 7-11.

⁴ Item 7.

was not responsible for any deficiency judgment and the foreclosure is not alleged in the SOR. She also went through a divorce that was finalized in August 2011.⁵

Applicant did not provide any information concerning her current income and expenses. She also did not provide any information about how she intends to pay the debts listed in the SOR. Applicant provided no evidence that she sought financial counseling.⁶

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 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, and 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

⁵ Item 7.

⁶ Items 4-9.

the possible risk that an applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about 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

AG ¶ 18 expresses the security concern for financial considerations:

Failure or inability to live within one’s means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual’s reliability, trustworthiness and ability to protect classified information. An individual who is financially overextended is at risk of having to engage in illegal acts to generate funds.

The guideline notes several conditions that could raise security concerns. I have considered all of them under AG ¶ 19 and considered the following relevant:

- (a) inability or unwillingness to satisfy debts; and
- (c) a history of not meeting financial obligations.

Applicant has delinquent debts that remain unpaid or unresolved. I find both disqualifying conditions are raised.

The guideline also includes conditions that could mitigate security concerns arising from financial difficulties. I have considered all of the mitigating conditions under AG ¶ 20 and considered the following relevant:

- (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;

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

(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.

Applicant provided no evidence that she paid or resolved her delinquent debts. Therefore, her behavior is recent and remains a concern. I find mitigating condition AG ¶ 20(a) does not apply because Applicant's debts remain unresolved. Applicant provided evidence that her periods of unemployment and divorce were due to circumstances beyond her control. The home foreclosure cannot be considered beyond her control because she apparently knew purchasing a house was beyond her means at the time. However, in order for this mitigating condition to fully apply, Applicant must demonstrate responsible behavior in light of the circumstances. She failed to produce evidence of her responsible behavior. I find AG ¶ 20(b) does not apply. Applicant failed to present evidence of financial counseling and there is no clear evidence that Applicant's financial problems are being resolved or under control. There was no documented evidence that she has made a good-faith effort to pay or has attempted to resolve any of the debts. I find AG ¶¶ 20(c) and 20(d) do not apply. No documentary evidence was presented to dispute any of the SOR debts. On the contrary, she admitted all the debts. I find AG ¶ 20(e) does not apply, except to the debt listed in SOR ¶ 1.i. The Government failed to produce evidence that this debt was delinquent.

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 the 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.

I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. She has not shown a track record of financial stability. The record lacks any evidence that Applicant has made any type of good-faith effort to resolve her debts. Therefore, she failed to provide sufficient evidence to mitigate the security concerns.

Overall the record evidence leaves me with questions and doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant failed to mitigate the security concerns arising under Guideline F, financial considerations.

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:

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| Paragraph 1, Guideline F: | AGAINST APPLICANT |
| Subparagraphs 1.a – 1.g: | Against Applicant |
| Subparagraph 1.i: | For Applicant |

Conclusion

In light of all of the circumstances presented by 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.

Robert E. Coacher
Administrative Judge