



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



In the matter of:	)	
	)	
Redacted	)	ISCR Case No. 14-06410
	)	
Applicant for Security Clearance	)	

**Appearances**

For Government: David F. Hayes, Esq., Department Counsel  
For Applicant: Randall E. Wilbert, Esq.

02/06/2017

---

**Decision**

---

MATCHINSKI, Elizabeth M., Administrative Judge:

Applicant used credit cards to start a business that suffered from a downturn starting in 2009. His financial problems were exacerbated by the loss of rental income in 2011. As of November 2015, he had restructured mortgage debt on his three rental properties, but he owed approximately \$142,780 in credit card collection debt. More progress is needed toward addressing his delinquencies. Clearance is denied.

**Statement of the Case**

On November 3, 2015, the Department of Defense Consolidated Adjudications Facility (DOD CAF) issued a Statement of Reasons (SOR) to Applicant, detailing the security concerns under Guideline F, financial considerations, and explaining why it was unable to find it clearly consistent with the national interest to grant or continue security clearance eligibility for him. The DOD CAF took the action under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DOD 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) effective within the DOD on September 1, 2006.

On December 8, 2015, Applicant answered the SOR allegations and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). On May 19, 2016, the case was assigned to me to conduct a hearing to determine whether it is clearly consistent with the national interest to grant or continue a security clearance for Applicant. I scheduled a hearing for June 16, 2016. At the request of Applicant's counsel, on May 25, 2016, I moved the hearing to June 15, 2016.

I convened the hearing as rescheduled. Three Government exhibits (GEs 1-3) and six Applicant exhibits (AEs A-F) were admitted into evidence without objection, and Applicant testified, as reflected in a transcript (Tr.) received on June 22, 2016. I held the record open for two weeks after the hearing for Applicant to submit documentary evidence. On June 24, 2016, Applicant submitted through his counsel AE G, which was admitted into the record without objection. The record closed on June 27, 2016, on notification to the parties that the exhibit was entered into evidence.

### **Summary of SOR Allegations**

The SOR alleges under Guideline F that, as of November 3, 2015, Applicant was past due \$5,065 (SOR ¶ 1.a), \$1,591 (SOR ¶ 1.b), and \$2,195 (SOR ¶ 1.c) on three mortgages with the same lender and that he owed collection balances totaling \$164,091 on ten other accounts (SOR ¶¶ 1.d-1.m). Applicant submitted a *pro se* response to the SOR allegations in which he denied the mortgage delinquencies in that the loans had been transferred and brought current. He denied the collection debts of \$11,661 (SOR ¶ 1.e) and \$438 (SOR ¶ 1.m) in that they had been settled. He denied the collection debt of \$9,212 (SOR ¶ 1.f) in that it was purchased by the creditor bank identified in SOR ¶¶ 1.h-1.j and surmised it was included in the collection debt alleged in SOR ¶¶ 1.h, 1.i, or 1.j. Applicant admitted the collection balances in SOR ¶ 1.d (\$22,293), ¶ 1.g (\$38,815), ¶ 1.h (\$23,464), ¶ 1.i (\$17,685), ¶ 1.j (\$15,437), ¶ 1.k (\$14,999), and ¶ 1.l (\$10,087). Applicant indicated that after restructuring the mortgage loans to bring them current and settling some of his credit card delinquencies, he was in a position to arrange repayment plans with his remaining creditors.

### **Findings of Fact**

After considering the pleadings, exhibits, and transcript, I find that the debt in SOR ¶ 1.f is likely a duplicate listing of the debt in SOR ¶ 1.j. It was not established as a separate outstanding balance. Additional findings of fact follow.

Applicant is a 59-year-old senior software engineer with two bachelor's degrees awarded in May 1979 and December 1982, and a master's degree awarded in August 1984. He served honorably on active duty as an officer in the U.S. military from August 1979 to August 1983 and in the reserves from August 1983 until November 1989. Applicant has worked for his present employer, a defense contractor, since November 1986. He has held a DOD top secret clearance since approximately 1998. (GE 1; Tr. 17-20.)

Applicant was married from May 1994 to April 1996. He has no children. He has been in a cohabitant relationship since 2000. (GE 1.)

Applicant has lived in his current residence since 2001. His current mortgage loan on the home was obtained in September 2003 for \$228,000. He also owns three rental properties: a condominium that he purchased in the early 1980s; his next residence, a single-family home (property X) bought in the early 1990s that he turned into a rental when he bought his farm in 2001; and a house inherited from his father in the mid-1990s that his mother manages for him. (Tr. 28-29, 74-76.) Available credit records show that he obtained mortgages of \$81,000 in May 2003 (SOR ¶ 1.b), \$67,500 in September 2003 (SOR ¶ 1.c), and \$225,000 in December 2003 (SOR ¶ 1.a) on the rental properties. (GEs 2, 3.) The largest mortgage was on property X. (Tr. 29.)

Around 2002, Applicant and his cohabitant started a business that involves animal breeding. (Tr. 52.) Prices were high for the animals at that time, and they started with around five animals. (Tr. 72, 77.) Applicant relied on credit cards for the infrastructure and to purchase animals. (Tr. 54.) At its peak around 2008, they had about 70 animals, which Applicant testified were worth between \$5,000 and \$10,000 each, although some of the animals were co-owned. (Tr. 69, 73, 78.) They were starting to make some good sales, although the business had yet to turn a profit as of 2009, when the recession hit and the market for their animals declined. (Tr. 21, 24-25, 53.) Around that same time, Applicant's income from his defense-contractor employment declined by ten percent because the company discontinued a program providing him a bonus for agreeing to be deployed on short notice. (Tr. 20-21, 54-55.) Applicant began to struggle to maintain the payments on some of his open credit card accounts. (Tr. 54-55.)

Applicant's financial problems were exacerbated when, in 2011, his tenants in property X vacated six months into their two-year lease. In addition to the loss of rental income, which was around \$1,800 a month, Applicant incurred costs to clean and prepare the property and to find new tenants. He then had other tenants, who moved out before their one-year lease ended. Applicant struggled to pay the mortgages on his rental properties without the full rental income. (Tr. 29, 57-58.) Several credit card accounts went to collection. (GE 2.) Applicant contacted his creditors, and he paid those debts that he could. (Tr. 59.) On August 11, 2011, the creditor in SOR ¶ 1.e obtained an \$11,661 summary judgment against Applicant. In 2012, the creditor in SOR ¶ 1.m filed for a small claims judgment against Applicant. A separate collection action filed against Applicant in 2012 was dismissed by the court in September 2013. (AEs D, G; Tr. 41.) Applicant believes that a settlement was reached on the account in SOR ¶ 1.e, which led to the dismissal. (Answer; Tr. 42.) He subsequently testified that the \$11,661 debt had been cancelled by a creditor in 2013. (Tr. 67.) In October 2015, Applicant's attorney advised him that he had no records showing that the 2011 judgment (SOR ¶ 1.e) had been paid. (AE D.)

Applicant earned \$107,468 from his defense contractor employment in 2012, but he had rental losses of \$18,278 and farm losses of \$19,812. (AE A.) In 2013, his wages totaled \$109,097, but he claimed rental losses of \$16,120 and farm losses of \$14,051. He

had to report as income \$11,664 in debt cancelled by a creditor in 2013. In 2014, Applicant earned \$107,249, but reported rental losses of \$15,624 and farm losses of \$10,697.<sup>1</sup> (AE A.) Some of the farm losses were from depreciation. (Tr. 69.)

As of April 2014, Applicant was past due 60 days for \$2,195 on the loan in SOR ¶ 1.c. On the other two mortgages, he was 90 days past due for \$5,065 on the loan in SOR ¶ 1.a, and for \$1,591 on the loan in SOR ¶ 1.b. Applicant was paying the mortgage on his own residence under a partial payment agreement. His mortgage had a balance of \$185,256. (GE 2.)

On April 30, 2014, Applicant completed and certified to the accuracy of a Questionnaire for National Security Positions (SF 86) to renew his security clearance eligibility. Applicant responded affirmatively to financial record inquiries concerning any delinquency involving routine accounts. He listed no specific debts, but referred to his credit report. He indicated that the type of property involved was a single-family home/condominium, and that the debt was incurred because of “salary reduction due to company-wide elimination of bonus program; single-family rental property vacancy.” He indicated that he was refinancing and making repayment plans to resolve his debts. Applicant also answered “Yes” to whether he was a party to any non-criminal court actions in the last ten years. He disclosed two collection actions (SOR ¶ 1.m and SOR ¶ 1.e) and a landlord/tenant matter. He indicated that they were all dismissed. (GE 1.)

As of May 2014, Applicant’s credit record showed credit card collection balances of \$22,293 (SOR ¶ 1.d), \$11,661 (SOR ¶ 1.e), \$38,815 (SOR ¶ 1.g), \$23,464 (SOR ¶ 1.h), \$17,685 (SOR ¶ 1.i), \$15,437 (SOR ¶ 1.j), \$14,999 (SOR ¶ 1.k), \$10,087 (SOR ¶ 1.l), and \$438 (SOR ¶ 1.m).<sup>2</sup> (GE 2.) The debt in SOR ¶ 1.f had been charged off for \$9,212 and transferred to a collection entity (likely duplicated in SOR ¶ 1.j). The debts had been in collection since 2011. (GE 3.) Applicant had fully satisfied the debt in SOR ¶ 1.m as of October 2014. (AEs D, G; Tr. 37-40.) He was not in a financial position to accept the occasional settlement offers received from collection entities on his other accounts. (Tr. 61.)

As of January 21, 2016, the collection debts in SOR ¶ 1.g, ¶ 1.h (updated balance \$24,622), ¶ 1.j (updated balance \$15,982), and ¶¶ 1.k-1.m were still on his credit record. Applicant had successfully refinanced the mortgages on his rental properties in the spring of 2015 by extending the loans to 40 years, which dropped his monthly payments. (Tr. 60.) Since March 2015, he had been making timely monthly payments of \$1,703 (SOR ¶ 1.a), \$518 (SOR ¶ 1.b), and \$1,037 (SOR ¶ 1.c). Applicant’s mortgage on his residence was delinquent from July 2014 until March 2015. He had extended that mortgage to 40 years as well and was making timely payments of at least his scheduled monthly payment of \$1,887.

---

<sup>1</sup> Applicant testified that his rental income situation stabilized around 2013. (Tr. 56.) His income tax return for 2014 shows a substantial loss in rental income. (AE A.) It is unclear to what extent Applicant incurred costs to prepare the properties to rent them out in 2014.

<sup>2</sup> The credit card account in SOR ¶ 1.m was placed for collection for \$1,887 in August 2011. Applicant made payments through October 2013 to reduce the collection balance to \$438. (GE 3.)

Applicant was also repaying a \$6,599 unsecured loan obtained in November 2015, a home-equity loan obtained for \$70,800 in June 2004,<sup>3</sup> and a \$500 line of credit debt. He was making timely payments on three open credit cards totaling \$26,059. (GE 3.)

As of June 2016, Applicant's rental properties were fully occupied. (Tr. 29.) He receives monthly rental income of \$2,100 from property X and of \$950 and \$899 from the other rental units. (AE B.) Applicant intends to keep the rental properties. (Tr. 28-29.) If he were to sell them, he would take a "financial hit" because of previous depreciation and deductions for tax purposes. (Tr. 30.)

Applicant and his cohabitant still operate their farm, which serves as a full-time job for his cohabitant. (Tr. 77). As of June 2016, they had 35 animals. (Tr. 26.) They intentionally decreased the herd size to reduce their costs, including insurance for the animals, and to make the farm more manageable. (Tr. 70.) They intend to continue with the farm to supplement his income in retirement. (Tr. 29, 71, 79.)

Applicant testified that his financial situation has been stable for several years. (Tr. 63.) He does not live extravagantly. He has two vehicles, both vans 20 and 22 years old. (Tr. 32.) He has over \$1 million in retirement accounts, and his real estate assets are worth approximately \$879,827. (AEs B, F.) While he could withdraw funds from his retirement accounts to address his unpaid delinquent debts, he would be penalized ten percent plus have to pay the taxes on the withdrawal. (Tr. 31, 62.) His attorney had suggested in 2011 that he file for bankruptcy, but he wants to repay his debts. (Tr. 31-32, 57-58.)

On June 13, 2016, Applicant entered into an agreement to repay \$8,640 to settle the debt in SOR ¶ 1.l in monthly installments of \$240. (AE C; Tr. 35.) After paying his expenses and debts, including the \$240 promised to the creditor in SOR ¶ 1.i, but nothing toward other collection accounts, Applicant had a reported \$1,290 in discretionary monthly income. (AE B.) Applicant had yet to arrange for repayment of the collection debt in SOR ¶ 1.i. He was not in negotiations to repay the debt as of his hearing, but he intends to address the debt. (Tr. 44-45.) Applicant testified to his belief that the \$14,999 debt alleged in SOR ¶ 1.k was transferred to the collection entity in SOR ¶ 1.j. (Tr. 49.) Available credit records show that while the original creditor and date of last activity (February 2011) are the same for SOR ¶¶ 1.k and 1.j, they appear to be different accounts placed for collection on August 30, 2011. (GEs 2, 3.) Applicant admitted both debts when he answered the SOR. Of the collection accounts alleged in the SOR, only those in SOR ¶¶ 1.i and 1.l were on his credit report as of June 1, 2016. (AE F.) He plans to reach out to the collection entities and negotiate settlements of his collection debts. (Tr. 63.) Applicant attributes the delay in addressing his delinquent credit card debts to having to make catch-up payments on the mortgage loans in the restructuring. (Tr. 64.)

---

<sup>3</sup> Applicant testified that the home-equity loan was obtained for their first purchase of animals for their farm. (Tr. 71.)

## **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 overall 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 potential, rather than actual, risk of compromise of classified information. Section 7 of EO 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 concerns about financial considerations are set forth 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.

The debt in SOR ¶ 1.f appears to be an earlier balance of the collection debt in SOR ¶ 1.j. The collection debt in SOR ¶ 1.e may well have been cancelled by the creditor in 2013. Applicant accounted for a cancelled debt of like amount on his income tax return, and he denied the debt as an outstanding liability when he answered the SOR. Applicant satisfied the debt in SOR ¶ 1.m in October 2014. He restructured the delinquent mortgage loans on his three rental properties (SOR ¶¶ 1.a-1.c) by March 2015 to bring the accounts current. However, several of his credit card collection debts totaling approximately \$142,780 (SOR ¶¶ 1.d and 1.g-1.i) were still outstanding with no demonstrated progress toward resolving them as of the issuance of the SOR in early November 2015. Disqualifying conditions AG ¶ 19(a), "inability or unwillingness to satisfy debts," and AG ¶ 19(c), "a history of not meeting financial obligations," apply.

Mitigating condition 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," has limited applicability. The credit card accounts were placed in collection in 2011. There had been no activity on some of the accounts (SOR ¶¶ 1.d, 1.h-1.j) since 2009. Although the debts were not incurred recently and appear to have been situational, it is difficult to find that they no longer cast doubt on Applicant's judgment and reliability, given he has yet to take steps to address most of them. With one collection entity continuing to add interest or fees or some combination on the debts in SOR ¶ 1.h and SOR ¶ 1.j to bring their respective balances to \$24,622 and \$15,982, Applicant's outstanding delinquencies totaled approximately \$144,483 as of January 2016.

Applicant has a case for partial mitigation under 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." Applicant had no control over the decline in the market for his animals in 2009, over his employer's discontinuation of a bonus program that caused his salary to decline by ten percent, or over tenants vacating his properties before the end of their lease term. He had the greatest problem keeping tenants in property X, which had brought in the most rental income and had the highest mortgage payment. Even so, Applicant assumed some risk with both his farm and rental property ventures that is not mitigated by AG ¶ 20(b).

Even if Applicant's financial problems arose in whole or in part to circumstances outside of his control, I may still consider whether Applicant has since acted in a reasonable manner when dealing with those financial difficulties. See e.g., ISCR Case No. 05-11366 at 4 n.9 (App. Bd. Jan 12, 2007). AG ¶ 20(b) requires that an applicant act

responsibly to address his debts. Applicant acted responsibly when he chose to restructure his delinquent mortgage loans. However, while he had to repay the past-due balances on the mortgage loans, the loans were current as of March 2015. There is no evidence of any efforts to negotiate or arrange for repayment with his other creditors over the next year until June 2016, when he arranged to repay the debt in SOR ¶ 1.i at \$240 per month. A component of whether Applicant acted in a reasonable manner when dealing with his financial difficulties is whether he maintained contact with his creditors and attempted to negotiate partial payments. As of his hearing in June 2016, he had not contacted the collection entity in SOR ¶ i, even though the collection debt is still adversely affecting his credit and is of concern to the DOD. Applicant has not given priority to addressing his outstanding delinquencies. While he does not have appreciable savings apart from his retirement assets, which are considerable, he reports monthly discretionary income in excess of \$1,000.

Although apparently in response to court action, Applicant's payments to resolve the debt in SOR ¶ 1.m implicate 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," and, to a lesser extent, AG ¶ 20(d), "the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts." Both AG ¶ 20(c) and AG ¶ 20(d) apply to his mortgage restructuring. Applicant's credit reports show a track record of timely payments since March 2015 on the loans in SOR ¶¶ 1.a-1.c. AG ¶ 20(c) also has some applicability to the debt in SOR ¶ 1.e, if the debt cancelled in 2013 by the creditor is that debt. Applicant's recent settlement arrangements for the debt in SOR ¶ 1.i show some good faith under AG ¶ 20(d), but he had not established a track record of repayment toward the accounts in SOR ¶¶ 1.d and 1.g-1.i to fully mitigate the financial considerations concerns under either AG ¶ 20(c) or AG ¶ 20(d).

AG ¶ 20(e) has limited applicability to the mortgage loans on which Applicant is making timely payments (SOR ¶¶ 1.a-1.c), to the credit card collection debt that was likely cancelled by the creditor in 2013 (SOR ¶ 1.e), and to the credit card collection debt that was paid off in October 2014 (SOR ¶ 1.m) in that those past-due accounts were resolved or, in the case of the debt cancelled, excused by the creditor with tax implications for Applicant's income before the SOR was issued. AG ¶ 20(e) also applies in that the debt in SOR ¶ 1.f is an earlier balance of the collection debt in SOR ¶ 1.j and thus does not represent an additional debt. AG ¶ 20(e) provides:

(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 is not required to be debt free for continued security clearance eligibility. Yet, Applicant did not exercise the sound judgment that must be expected from persons entrusted with the nation's secrets when he allowed several credit card balances to go to collection. In ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012) (citation omitted), the



Appeal Board explained the scope and rationale for the financial considerations security concern as follows:

This concern is broader than the possibility that an applicant might knowingly compromise classified information in order to raise money in satisfaction of his or her debts. Rather, it requires a Judge to examine the totality of an applicant's financial history and circumstances. The Judge must consider pertinent evidence regarding the applicant's self-control, judgment, and other qualities essential to protecting the national secrets as well as the vulnerabilities inherent in the circumstances. The Directive presumes a nexus between proven conduct under any of the Guidelines and an applicant's security clearance eligibility.

Even if some debts may no longer be legally enforceable because of a state statute of limitations, or they cannot be legally listed on a credit report due to the passage of time, they remain relevant for security clearance purposes. See ISCR Case No. 15-01208 (App. Bd. Aug. 26, 2016), citing, *e.g.*, ISCR Case No. 03-20327 (App. Bd. Oct. 26, 2006) and ISCR Case No. 03-04779 (App. Bd. Jul. 20, 2005). Applicant has not made enough progress toward resolving his credit card collection debts to mitigate the financial considerations security concerns.

### **Whole-Person Concept**

Under the whole-person concept, the administrative judge must consider the totality of an applicant's conduct and all relevant circumstances in light of the nine adjudicative process factors in AG ¶ 2(a).<sup>4</sup> The analysis under Guideline F is incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(a) were addressed under that guideline, but some warrant additional comment.

A determination of any applicant's eligibility for a security clearance should not be made as punishment for specific past conduct, 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. In his favor, Applicant is a longtime defense contractor employee. There is no evidence that he has ever committed a security violation. He took on a large amount of consumer credit debt to start a farming business that has been his cohabitant's full-time job with the intent that the business would provide income when he retires. Circumstances outside of his control, most notably the loss of ten percent of his

---

<sup>4</sup> The factors under AG ¶ 2(a) are as follows:

(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.

defense-contractor salary and a decline in the market for his animals, caused some financial strain. He stopped paying on several credit card accounts even before he began having tenant problems in 2011. Applicant could possibly have sold one or more of his rental properties or have taken a premature withdrawal of retirement assets to address his sizeable delinquent credit card burden, but either choice had negative tax implications.

As a consequence of Applicant acting in his financial self-interest, several creditors have received no satisfaction while Applicant receives rental income to cover his obligations, and he continues to operate his farm. Applicant expressed a credible desire to pay his debts, but promises to pay at some future date are not a substitute for a track record of paying debts in a timely manner and otherwise acting in a financially responsible manner. See ISCR Case No. 07-13041 at 4 (App. Bd. Sep. 19, 2008).

It is well settled that once a concern arises regarding an applicant's security clearance eligibility, there is a strong presumption against the grant or renewal of a security clearance. See *Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990). For the reasons noted above, I am unable to find that it is clearly consistent with the national interest to continue Applicant's security clearance eligibility.

### **Formal Findings**

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

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a-1.c:	For Applicant
Subparagraph 1.d:	Against Applicant
Subparagraphs 1.e-1.f:	For Applicant
Subparagraphs 1.g-1.i:	Against Applicant
Subparagraph 1.m:	For Applicant

### **Conclusion**

In light of all of the circumstances, it is not clearly consistent with the national interest to continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

---

Elizabeth M. Matchinski  
Administrative Judge