



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



In the matter of:)
)
 REDACTED) ISCR Case No. 15-04762
)
 Applicant for Security Clearance)

Appearances

For Government: Carroll J. Connelley, Esq., Department Counsel
For Applicant: *Pro se*

01/27/2017

Decision

MATCHINSKI, Elizabeth M., Administrative Judge:

Applicant and his spouse began having financial difficulties around 2013, in part because of a loss of rental income. Two credit cards were placed for collection for \$54,658 and \$23,378 in 2014. Applicant also defaulted on a federal student loan obtained for his daughter's graduate school education. He has made some payments toward settling his credit card delinquencies and rehabilitating the federal student loan, and he can be counted on to continue to make those payments. Clearance is granted.

Statement of the Case

On January 8, 2016, 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 January 26, 2016, Applicant answered the SOR allegations and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). On April 22, 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 May 16, 2016.

I convened the hearing as scheduled. Four Government exhibits (GEs 1-4) and six Applicant exhibits (AEs A-F) were admitted into evidence without objection. The letter forwarding discovery to Applicant was marked as a hearing exhibit (HE 1) for the record but was not entered as an evidentiary exhibit. Applicant testified, as reflected in a transcript (Tr.) received on May 27, 2016.

I held the record open until June 15, 2016, for Applicant to supplement the record. On June 7, 2016, Applicant submitted a student loan rehabilitation agreement, which was marked as AE G. On June 17, 2016, the Government indicated that it had no objection to the document, and I admitted AE G into the record.

Findings of Fact

The SOR alleges under Guideline F that, as of January 8, 2016, Applicant owed charged-off credit card debts of \$23,378 (SOR ¶ 1.a) and \$54,658 (SOR ¶ 1.c), and a federal student loan collection debt of \$31,109 (SOR ¶ 1.b). Applicant denied the debts when he answered the SOR. He explained that he was repaying the debt in SOR ¶ 1.a at \$400 a month; that the student loan lender in SOR ¶ 1.b had not advised him about the deferment ending, but he was making monthly payments toward a balance of \$38,247; and that he had reached a settlement for the debt in SOR ¶ 1.c and was paying \$466 per month for 36 months.

After considering the pleadings, exhibits, and transcript, I make the following findings of fact.

Applicant is a 65-year-old carpenter, who has worked for the same defense contractor since May 1977. (GE 1; Tr. 53.) He seeks to retain a secret clearance granted to him in May 2005. (GE 1.) His initial clearance was granted in March 1994. (GE 2.)

Applicant and his spouse married in September 1976. (GE 2.) They have two daughters, now ages 28 and 27. Applicant and his spouse moved into their marital home around October 1976. (GE 1.) Around 1983, Applicant built a second summer/weekend home. (GE 2.)

Applicant and his spouse relied on consumer credit to pay for maintaining his rental property, including paint for houses, and for “normal stuff” for his family, such as a new stove and incidentals. When their daughters needed something for school, Applicant’s

spouse used a credit card to pay for it. She charged \$4,000 to \$5,000 on a credit card when one of their daughters was accepted into a program abroad. (Tr. 66-67.)

Around 2013, Applicant and his spouse began to struggle financially. He owned two rental units that were vacant for a time between 2013 and 2014. (Tr. 49.) He had to evict a tenant for nonpayment of rent. That unit stood vacant for about a year, and he incurred legal fees. (Tr. 46.) Applicant considered selling the property, but he had trouble evicting the tenant, and he needed the rental income. (Tr. 98.) Another longtime tenant passed away around October 2013. That unit was vacant for over six months (Tr. 46, 58), and it cost him about \$10,000 to repair and refurbish the unit. (Tr. 50.) Additionally, overtime at work was not available to him in 2014. (Tr. 56.) Applicant took early disbursements of \$40,000 to \$50,000 from his 401(k) at a significant tax penalty to pay down credit card debt, "to fix things up," and to pay for his daughters' college educations. (Tr. 91-94.) Then the interest rate on unpaid credit card balances "were out of control." (Tr. 35, 46.) The interest rate on some unpaid balances increased to 28% because of his late payments. (Tr. 50-51, 64-65, 67-68.)

On December 24, 2013, Applicant entered into a debt consolidation repayment plan, seeking to resolve \$64,000 in debt for \$35,078. He was told by the debt resolution firm to stop paying on the debts enrolled in the program. (Tr. 83.) Available records do not identify the debts that Applicant included in the plan, although Applicant testified that it included only the two credit card debts in SOR ¶¶ 1.a and 1.c. (Tr. 38.) Applicant arranged for automatic payment of \$974 per month for 36 months starting January 15, 2014. (AE F; Tr. 35.) Under the service agreement, his entire payment was applied to fees for the first three months. For months 4-15, \$408 of his monthly payment went to service fees. (AE F.) Applicant did not receive the fee paperwork before he had made some payments. After he had paid some \$6,593 under the plan,¹ he cancelled his involvement in the program because he had been unable to confirm any payments to his creditors. (GE 2; Tr. 36-37.) Interest continued to accrue on the unpaid credit card balances included in the debt repayment program. (Tr. 83-84.)

On November 25, 2014, Applicant completed and certified to the accuracy of a Questionnaire for National Security Positions (SF 86). He responded negatively to all financial record inquiries, including into whether he had defaulted on any loan in the last seven years, whether he had any bills or debts placed for collection in the last seven years, and whether he had any account or credit card suspended, charged off, or cancelled for failing to make payments in the last seven years. (GE 1.)

Applicant was delinquent on some obligations as of December 10, 2014, including the two debts that had been enrolled in the debt repayment plan. One of the credit card accounts was past due \$7,885 and in collection for \$23,378 (SOR ¶ 1.a). The other credit card was in collection for \$54,658 with no payments since October 2013 (SOR ¶ 1.c).

¹ Based on the funds paid to him in January 2015 (AE C), Applicant would have made six or seven months of payments starting in January 2014. There is no evidence of any payments to the debt resolution firm in the three months preceding his SF 86. Presumably, he would have known as of the fall of 2014 that the debts enrolled in the repayment plan were not being paid.

Additionally, Applicant was jointly liable to a state self-financing student-loan authority for two student loans, which had been obtained in August 2006 for \$23,880 and in August 2007 for \$28,034. The respective loans were \$1,102 and \$1,048 past due (not alleged in the SOR). Applicant and his spouse were about three payments behind on their joint mortgage obtained in January 2013 for \$316,800. Two federal student loans, which Applicant had obtained for one or both of his daughters' educations, were rated as more than 120 days past due, but also as being in deferred status. The loans had been obtained for \$24,998 in August 2008 (balance \$28,796) and for \$31,176 in August 2009 (balance \$25,033). Another federal student loan from August 2008 obtained by Applicant individually was \$2,284 delinquent on a balance of \$28,660 (SOR ¶ 1.b). (GE 3.)

In late 2014 or early 2015, Applicant and his spouse separated over ongoing financial issues. He moved out of the marital residence and into their summer home. (GE 2.) In late January 2015, Applicant received a full refund of the \$6,593 paid to the debt resolution firm. (AE B; Tr. 84-85.) Apparently, over the course of the next 10-11 months, he entered into settlement negotiations with his creditors in SOR ¶¶ 1.a and 1.c, but there is no evidence of any payments before December 2015. (Tr. 86-88.)

On February 26, 2015, Applicant was interviewed about his undisclosed delinquencies by an authorized investigator for the Office of Personnel Management (OPM). Applicant initially denied that he had any debts turned over for collection or any debts 120 days delinquent. When confronted about the delinquencies on his credit report, Applicant acknowledged knowing about the past-due credit cards (SOR ¶¶ 1.a, 1.c), but he indicated that he was making payments. About the delinquent student loans on his credit record, Applicant indicated that he was repaying a consolidated balance at \$133 per month. He indicated that recoupment of the money paid to the debt resolution firm had enabled him to make payments on his daughter's student loans and his credit card debts. As for his mortgage delinquency, Applicant claimed to have refinanced his loan within the last two months to reduce his monthly payment from \$2,085 to \$1,700. Applicant asserted tenancy issues with his rental properties and lack of overtime at work in 2014 as causes for his financial problems. Additionally, despite his marital separation, he was supporting his spouse and two daughters. (GE 2.)

Available information indicates that Applicant and his spouse's mortgage payment became \$1,697 starting on May 1, 2015. (AE B.) About his mortgage delinquency, Applicant testified that the lender failed to process a payment and then initiated foreclosure. After he was refunded a payment of \$2,085 in January 2015 (AE B), he contacted the lender, and his loan was eventually modified. (Tr. 34.)

Applicant's credit report of December 2015 confirmed timely payments since June 2015 on the modified mortgage; payments of \$206 and \$181 per month since April 2015 on two of his parent federal student loans (balances \$30,721 and \$27,027); and payments of \$142 and \$135 since March 2015 on the joint student loans (balances \$26,682 and \$31,802) obtained from the state student loan financing authority. However, a parent federal student loan from August 2008 was in collection for \$31,109 (SOR ¶ 1.b). As for his outstanding credit card balances, Applicant had a flexible spending credit card account with

a \$23,193 balance that was rated as current. Equifax was reporting no progress toward the two accounts previously enrolled in the debt repayment plan. Applicant reportedly owed charged-off balances of \$23,378 (SOR ¶ 1.a) and \$54,658 (SOR ¶ 1.c). (GE 4.)

In late December 2015 or early January 2016, a collection entity agreed to accept \$8,909 in settlement of the credit card debt in SOR ¶ 1.a. Following an initial \$800 payment due on February 9, 2016, Applicant agreed to pay \$400 a month from March 2016 to October 2017 with a final payment of \$109 in November 2017. He arranged for automatic payments from his checking account. (Tr. 37, 68-69.) As of March 21, 2016, Applicant had made payments to reduce the balance to \$21,074. (AEs A, C.)

Applicant neglected to notice when his parent federal student loan in SOR ¶ 1.b came out of deferment. (Tr. 41.) In late 2015, the federal government sought to garnish his wages for the defaulted student loan. (Tr. 89.) Available payment records confirm two payments of \$421, which cleared his bank account on February 12, 2016, and March 14, 2016.² (AE D; Tr. 75.) Loan rehabilitation documents submitted post-hearing show that Applicant entered into a student loan rehabilitation agreement for the federal student loan on May 23, 2016, affirming his contractual liability for nine consecutive monthly payments of \$421 from December 11, 2015. (AE G.)

On January 5, 2016, the collection entity for Applicant's \$54,658 credit card delinquency (SOR ¶ 1.c) agreed to settle for \$16,398, payable in 35 consecutive monthly payments of \$456 and a final payment of \$438 on or before December 15, 2018. Applicant presented documentation of a February 10, 2016 payment by check. (AE E; Tr. 37.) Applicant's May 2016 credit report shows that he made payments on March 16, 2016, to bring the balance to \$53,290, and on April 19, 2016, to bring the balance to \$52,834. (AE A.)

As of May 2016, Applicant was paying \$571 per month toward his open flexible spending card balance of \$23,203. In addition, he was paying \$105 per month on a joint revolving credit card account with a \$4,333 balance. He had no other open credit card accounts. He has not obtained any new credit cards since March 2009. (AE A.)

Applicant owns two real estate properties outright: a three-family home that he rents out for \$1,500 a month per unit and the summer home that he built. His modified mortgage is on his marital home, which is occupied by his spouse on the second floor and by the older of his daughters on the first floor. (Tr. 47-48, 52-54, 61.) As of May 2016, the mortgage balance was \$303,830. (AE A.) Applicant's daughter does not pay rent, even though she is employed. (Tr. 48, 58, 61.) His daughter pays for some of her student loans, for her car, and for her utilities. (Tr. 61.) Applicant no longer provides financial support for his younger daughter, who returned to school and has employment income. (Tr. 62.) Applicant continues to support his spouse, who is unemployed. She inherited some funds

² When Applicant responded to the SOR on January 29, 2016, he claimed that he was repaying the delinquent federal student loan in SOR ¶ 1.b at \$387 per month. His December 2015 credit report shows repayment of two other federal student loans at \$181 and \$206 per month, but no payments toward the loan in SOR ¶ 1.b, which had a balance of \$31,109. (GE 4.)

and so she pays “a little bit.” (Tr. 58-59, 63.) Applicant pays the mortgage and utilities on the property. (Tr. 98.) Applicant is also the trustee of a single-family home that his brother occupies. As of May 2016, Applicant was living with his brother primarily, although he also spent time in his summer home. (Tr. 59-60.) He testified that he will sell the summer home if necessary to pay his debts, but he does not have a mortgage on the property, and it does not cost him that much in taxes or utilities. (Tr. 99.)

Applicant takes home \$900 a week in base earnings from his defense contractor employment. (Tr. 55.) On occasion, he takes home an additional \$500 a month from overtime work. He does not rely on overtime to meet his expenses. (Tr. 63.) His financial situation improved with the modification of his home loan, which lowered his monthly payment by \$388; the increase in his rental income (“rents have gone up”); credit card payments no longer being “thousands” a month; and an increase in his wage income. (Tr. 64.)

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 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 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.

As of November 2014, when Applicant applied to renew his security clearance eligibility, his credit card account in SOR ¶ 1.a was past due \$7,885 on a balance of \$23,378. His credit card account in SOR ¶ 1.c was in collection for \$54,658 with no payments in over a year. A federal student loan opened for his daughter’s education in August 2008 was past due \$2,284 on a balance of \$28,660 (SOR ¶ 1.b). Disqualifying conditions AG ¶ 19(a), “inability or unwillingness to satisfy debts,” and AG ¶ 19(c), “a history of not meeting financial obligations,” apply. The evidence also implicates AG ¶ 19(e), “consistent spending beyond one’s means, which may be indicated by excessive indebtedness, significant negative cash flow, high debt-to-income ratio, and/or other financial analysis.” Even after withdrawing some \$40,000 to \$50,000 from his 401(k) to pay down credit card debt, Applicant owed credit card debt of at least \$64,000 as of December 2013. With the interest rate on unpaid balances, his delinquent credit card debt (SOR ¶¶ 1.a and 1.c) had accrued to \$78,036 as of late 2014.

Applicant was also behind 120 days in his payments on two other federal student loans and on two joint student loans obtained from a state educational financing agency. These delinquencies were not alleged, presumably because Applicant had brought the loans current before the SOR was issued. Debts not alleged cannot provide a basis for disqualification, but they are relevant when assessing mitigation, including whether he has taken steps to resolve debts other than those alleged in the SOR as part of a reasonable plan to address financial issues of security concern.³

³ The DOHA Appeal Board has long held that the administrative judge may consider non-alleged conduct to assess an applicant’s credibility; to evaluate an applicant’s evidence of extenuation, mitigation, or changed

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,” does not fully apply. In January 2015, Applicant recouped the \$6,593 he had paid to the debt resolution firm in 2014 in an attempt to consolidate his payments and settle the debts in SOR ¶¶ 1.a and 1.c, and yet he made no payments toward either of the delinquent credit card accounts until December 2015 or January 2016. He made no payment toward the defaulted federal student loan in SOR ¶ 1.b until the federal government sought to attach his wages in late 2015. Even assuming that he was unaware that the student loan had come out of deferment in 2014, his failure to keep himself apprised of his debt obligations raises issues of financial judgment that are not mitigated under AG ¶ 20(a) or under AG ¶ 20(b), which provides:

(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.

AG ¶ 20(b) is partially established in that his finances were compromised in 2013 and in 2014 by an unforeseen loss of rental income and the unexpected costs incurred to refurbish the rental units after he had to evict a tenant for nonpayment of rent and another longtime tenant died. Applicant was also negatively impacted by the loss of overtime availability in 2014. However, whether Applicant, his spouse, or both of them are responsible, there is evidence of some overreliance on credit cards in the past that is not mitigated under AG ¶ 20(b).

In terms advantageous to Applicant, the collection entities holding the credit card delinquencies in SOR ¶ 1.a and 1.c have agreed to settle the debts for \$8,909 and \$16,398. Applicant was in a student loan rehabilitation program for his defaulted federal student loan as of May 2016. Applicant presented documentation confirming his payments through March 2016 on the credit card debt in SOR ¶ 1.a and of payments of \$412 each in February 2016 and March 2016 on the federal student loan in SOR ¶ 1.b. He presented evidence of one payment of \$456 on February 10, 2016, on the credit card debt in SOR ¶ 1.c, but his credit report shows that he made payments on March 16, 2016, and on April 19, 2016, to reduce his balance to \$52,834. Applicant’s debt payments 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 AG ¶ 20(d), “the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.”

circumstances; to consider whether an applicant has demonstrated successful rehabilitation; to decide whether a particular provision of the Adjudicative Guidelines is applicable; or to provide evidence for a whole-person analysis under Section 6.3 of the Directive. See, e.g., ISCR Case No. 03-20327 (App. Bd. Oct. 26, 2006); ISCR Case No. 09-07219 (App. Bd. Sep. 27, 2012). As to whether an applicant has demonstrated a reasonable debt resolution plan, the DOHA Appeal Board has also indicated that there is no requirement that the first debts paid in furtherance of a reasonable debt resolution plan be the debts listed in the SOR. See ISCR Case No. 07-06482 (App. Bd. May 21, 2008).

Some concerns linger about his financial judgment because of the delay in addressing his credit card delinquencies between January 2015, when he recouped his payments to the debt resolution entity, and late December 2015 or early January 2016, when his creditors agreed to the settlements. Applicant did not produce evidence of his efforts to negotiate with the creditors from which I could reasonably conclude that he did all he could to address his credit card delinquencies during that time.

Applicant is not required to establish that he has paid off each debt in the SOR, or even that the first debts paid be those in the SOR.⁴ In that regard, available credit records show that he has made timely payments on four student loan accounts since the spring of 2015, including \$277 on joint loans that are primarily his daughter's responsibility. Those payments augur favorably for him continuing to make his promised payments to rehabilitate his student loan in SOR ¶ 1.b and to resolve the two credit card delinquencies, especially given that he has to repay only about a third of the balances owed. As for his current financial situation, Applicant is supporting his spouse, who is unemployed, and one of his two adult daughters. His spouse gives him a minimal amount toward the mortgage and his daughter pays no rent. The modification of his home loan in May 2015 lowered his monthly mortgage obligation by \$388. He takes in rental income of \$4,500 each month, which appears to be sufficient to cover the taxes on the property that he owns outright. He has no record of delinquent income or property taxes. He has not opened any new credit card accounts since March 2009. While he has continued to carry a balance exceeding \$23,000 on a flexible-spending credit card in the last few years, there is no evidence of any late payments on that account. Applicant has not taken on additional debts that could compromise his financial situation going forward. He also testified that he will sell one of his properties if necessary to pay his debts. His financial situation is presently stable. While he certainly would have a stronger case in mitigation with a longer record of payment on the debts in the SOR, I am confident that he will continue to address his past-due accounts.

⁴ The DOHA Appeal Board stated in ISCR Case No. 07-06482, decided on May 21, 2008, in part:

In evaluating Guideline F cases, the Board has previously noted that the concept of "meaningful track record" necessarily includes evidence of actual debt reduction through payment of debts." See, e.g., ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007). However, an applicant is not required, as a matter of law, to establish that he has paid off each and every debt listed in the SOR. See, e.g., ISCR Case No. 02-25499 at 2 (App. Bd. Jun. 5, 2006). All that is required is that an applicant demonstrate[s] that he has "... established a plan to resolve his financial problems and taken significant actions to implement that plan." See, e.g., ISCR Case No. 04-09684 at 2 (App. Bd. Jul. 6, 2006). The Judge can reasonably consider the entirety of an applicant's financial situation and his actions in evaluating the extent to which that applicant's plan for the reduction of his outstanding indebtedness is credible and realistic. See Directive ¶ E2.2(a) ("Available, reliable information about the person, past and present, favorable and unfavorable, should be considered in reaching a determination.") There is no requirement that a plan provide for payments on all outstanding debts simultaneously. Rather, a reasonable plan (and concomitant conduct) may provide for the payment of such debts one at a time. See, e.g., ISCR Case No. 06-25584 at 4 (App. Bd. Apr. 4, 2008). Likewise, there is no requirement that the first debts actually paid in furtherance of a reasonable debt plan be the ones listed in the SOR.

His recent payments demonstrate a willingness to pay his legitimate debts. The financial considerations security concerns are mitigated.

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).⁵ 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.

The security clearance adjudication is not aimed at collecting an applicant's personal debts. Rather, it involves an evaluation of an applicant's judgment, reliability, and trustworthiness in light of the security guidelines in the Directive. See ISCR Case No. 09-02160 (App. Bd. Jun. 21, 2010). Applicant incurred a significant loss of rental income in 2013 and 2014 that was not within his control. A large amount of his outstanding debt is for expenses incurred to repair and refurbish his rental property so that it could be re-rented, and for student loans for his daughter's college educations. His financial problems do not appear to be recurring. He has held his job with a defense contractor since 1977. While he presented no evidence about his work performance, it can be reasonably inferred that it has been at least acceptable to his employer.

Under the whole-person evaluation, I cannot ignore that Applicant failed to list any delinquencies on his SF 86 completed in November 2014. The evidence suggests that he stopped his payments to the debt resolution firm in the summer of 2014. His evidence shows that he was refunded the monies paid to the debt resolution company in January 2015, and yet in February 2015, he told an OPM investigator that he was making payments on the two sizeable credit card delinquencies in the SOR. There is no evidence that he was making any payments on those debts at that time. Either Applicant was not being completely candid about his financial situation or he did not have a good handle on which debts he was repaying. The Government did not allege any concerns about Applicant's candor, however, and Applicant now appears to have his financial situation in control. I conclude that it is clearly consistent with the national interest to continue Applicant's security clearance eligibility.

⁵ 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.

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

Subparagraphs 1.a-1.c: 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 continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is granted.

Elizabeth M. Matchinski
Administrative Judge