



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



In the matter of:)	
)	
REDACTED)	ISCR Case No. 15-04918
)	
Applicant for Security Clearance)	

Appearances

For Government: Alison O'Connell, Esq., Department Counsel
For Applicant: *Pro se*

06/26/2017

Decision

MENDEZ, Francisco, Administrative Judge:

Applicant did not present sufficient evidence to mitigate security concerns raised by a history of reckless spending, which recently led him to file for Chapter 7 bankruptcy to resolve a substantial amount of past-due debt. Clearance is denied.

Statement of the Case

On April 29, 2016, the Department of Defense (DoD) Consolidated Adjudications Facility (CAF) sent Applicant a Statement of Reasons (SOR) alleging security concerns under the financial considerations and foreign influence guidelines.¹ Applicant answered the SOR and requested a decision on the administrative (written) record (Answer).

On July 28, 2016, Department Counsel sent Applicant the Government's written case, known as a file of relevant material (FORM). With the FORM, Department Counsel forwarded to Applicant eight exhibits (Items 1 – 8) that the Government offers

¹ The CAF took this action under Executive Order (E.O.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended, and DoD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive). The CAF presumably adjudicated this case using the previous version of the adjudicative guidelines, which were applicable for all security clearance cases falling under the rubric of the Directive between September 1, 2006 and June 7, 2017.

for admission into the record. Department Counsel also moved in the FORM to withdraw the foreign influence allegation. The motion was granted unopposed. Applicant submitted a response to the FORM (Response), and offered four exhibits (Exhibits 1 – 4) for admission.² On June 1, 2017, I was assigned the case for decision.

Procedural Issue

On December 10, 2016, the Director of National Intelligence issued Security Executive Agent Directive 4 (SEAD-4), establishing a “single, common adjudicative criteria for all covered individuals who require initial or continued eligibility for access to classified information or eligibility to hold a sensitive position.”³ The National Security Adjudicative Guidelines (hereinafter “adjudicative guidelines” or “AG”), which are found in Appendix A to SEAD-4, are to be used in all security clearance decisions issued on or after June 8, 2017.⁴ Accordingly, I have applied the current version of the adjudicative guidelines.⁵ ISCR Case No. 02-00305 at 3 (App. Bd. Feb. 12, 2003) (security clearance decisions must be based on current DoD policy and standards).

Evidentiary Ruling

DOHA proceedings are designed to allow the parties to present a full, fair, and accurate record of an applicant’s security clearance eligibility.⁶ In order to achieve these goals, the Directive states that the federal rules of evidence “shall serve as a guide.”⁷ Furthermore, the DOHA Appeal Board has stated that administrative judges should liberally apply the “technical rules of evidence,” and err on the side of admitting all relevant and reliable evidence.⁸

The Directive, however, does contain one major exception to this evidentiary rule of inclusion. Specifically, pursuant to Directive, Enclosure 3, ¶ E3.1.20, a DOD

² Administrative documents, including confirmation of Applicant’s continuing sponsorship for a clearance, were collectively marked and attached to the record as Appellate Exhibit I.

³ SEAD-4, ¶ B, *Purpose*.

⁴ SEAD-4, ¶ C, *Applicability*.

⁵ Nonetheless, I have considered the previous version of the adjudicative guidelines and my ultimate decision in this case would have been the same. Specifically, under the previous version of the guidelines (PV-AG), disqualifying conditions PV-AG ¶¶ 19(a) – 19(c), and 19(e) would apply to the circumstances under consideration. For similar reasons noted herein, none of the mitigating conditions listed under PV-AG ¶ 20 would fully apply and would be insufficient to mitigate the security concerns at issue.

⁶ Directive, ¶¶ E3.1.19; E3.1.25. See *also*, ISCR Case No. 99-0477 (App. Bd. July 25, 2000) (overall purpose of industrial security clearance program is “a full and fair adjudication of cases on the merits.”)

⁷ Directive, ¶ E3.1.19.

⁸ ISCR Case No 03-21434 at 5 (App. Bd. Feb. 20, 2007) (“the DOHA process encourages Judges to err on the side of initially admitting evidence into the record, and then to consider . . . what, if any, weight to give to that evidence.”). See *also* ISCR Case No. 14-06011 (App. Bd. Dec. 9, 2015) (“The weight that a Judge assigns to evidence is a matter within his or her discretion.”).

personnel background report of investigation (“ROI”), including the summary of a person’s security clearance interview, is generally inadmissible.⁹ The danger posed by an unauthenticated interview summary, which an applicant has not affirmatively adopted,¹⁰ is self-evident. An investigator, whether intentionally or through sheer negligence, may incorrectly summarize the interview.¹¹

At the same time, the interview summary may contain accurate, reliable, and relevant information that an applicant will want considered (or, may assume a judge will consider in the absence of an objection).¹² Accordingly, it is generally an applicant who holds the proverbial “key” as to the admissibility of the summary.¹³ An issue, however, arises when an applicant does not respond to the FORM or fails to affirmatively indicate that they are waiving their objection to the summary’s admission into evidence.

DOHA administrative judges have treated such situations in two different ways. One set of judges excludes a summary unless an applicant explicitly waives the E3.1.20 authentication requirement,¹⁴ while another group of judges admits the summary, finding that an applicant’s failure to raise an objection constitutes a waiver of the authentication rule.¹⁵ This split appears to only extend to those *pro se* applicants who

⁹ See also E.O. 10865, Section 5 (prohibiting “investigative reports” without authenticating witness); Directive, ¶ E3.1.22 (prohibiting a third-party statement adverse to an applicant on a controverted issue).

¹⁰ See generally ISCR Case No. ISCR Case No. 11-13999 (App. Bd. Feb. 3, 2014); ISCR Case No. 09-06218 (App. Bd. Sep. 6, 2011) (error not to admit or fully consider summary of clearance interview that applicant adopted as his own).

¹¹ See e.g. Department of Justice (DOJ) Press Release, *U.S. Investigations Services Agrees to Forego at Least \$30 Million to Settle False Claims Act Allegations*, August 19, 2015, publically available at <https://www.justice.gov/opa/pr/us-investigations-services-agrees-forego-least-30-million-settle-false-claims-act-allegations>; DOJ Press Release, *Former Background Investigator For Federal Government Pleads Guilty To Making A False Statement*, April 24, 2014, publically available at <https://www.justice.gov/usao-dc/pr/former-background-investigator-federal-government-pleads-guilty-making-false-statement-1>.

¹² ISCR Case No. 15-05252 (App. Bd. Apr. 13, 2016) (judge erred in *sua sponte* excluding summary of clearance interview, because applicant was under impression the summary would be considered by the judge as she had not raised an objection to its admission).

¹³ The Government can overcome an objection to the interview summary by authenticating it and establishing that it is otherwise admissible. See E3.1.20. Additionally, Department Counsel is not handcuffed by an applicant’s election for a decision on the written record. Under the Directive, Department Counsel can convert such cases to hearing, where they can call an authenticating witness and present additional evidence, including through cross-examination. See E3.1.7.

¹⁴ See e.g. ISCR Case No. 15-00262 at 2 (A.J. Leonard Feb. 15, 2017) (notwithstanding explicit warning in FORM to applicant that they could object to the interview summary, judge excluded the summary because “I am not persuaded that a *pro se* applicant’s failure to respond to the FORM, which is optional, equates to a knowing and voluntary waiver of the authentication requirement.”).

¹⁵ See e.g. ISCR Case No. 14-05009 n.1 (A.J. Foreman Feb. 10, 2017) (“Department Counsel informed Applicant that he was entitled to comment on the accuracy of [summary of clearance interview]; make corrections, additions, deletions, or updates; or object to the lack of authentication. I have treated his lack of response to the FORM as a waiver of any objections to [the summary].”).

elect a decision on the written record. The same concern that has led some judges to exclude interview summaries offered with a FORM does not appear to extend to *pro se* applicants who elect a hearing – whether or not such applicants are informed that they can object to a summary's admission on authentication grounds.

At least one Appeal Board member has expressed some reservation in finding that a *pro se* applicant, who elects a decision on the written record, waives the authentication requirement when he or she fails to respond to a FORM. See ISCR Case No. 12-10933 (App. Bd. Jun. 29, 2016) (AJ Ra'anan's concurring opinion). Nevertheless, the Appeal Board in a recent unanimous decision held that a summary of a security clearance interview offered with a FORM was properly admitted by a judge where: (1) the *pro se* applicant did not raise an objection to the summary's admission and (2) there was no indication the summary contained inaccurate information. ISCR Case No. 15-01807 (App. Bd. Apr. 19, 2017).¹⁶

Here, as in ISCR Case No. 15-01807, Applicant was on clear notice that he could object to the admission of the interview summary, Item 8, or he could comment on the accuracy of the summary. Applicant elected the later option and challenged a specific portion of the summary, notably, that he told the investigator he was making approximately \$400,000 while working overseas as a federal contractor.¹⁷ He submitted documentation to support his position as to his actual salary and income. I have considered Applicant's Response and his exhibits in assessing the weight to extend to Item 8. In light of the preceding and the lack of objection by either party to the proffered exhibits, I have admitted them, to include Item 8, into the record.

Findings of Fact

Applicant served in the U.S. military from 1986 to 2006, and thereafter has worked primarily as a federal contractor. He was offered a position by his sponsoring employer, a defense contractor, in approximately January 2016. He is applying to retain a security clearance that he was initially granted in the early 1990s.¹⁸

In 1986, Applicant enlisted in the U.S. Army. His initial application for a security clearance was denied due to illegal drug involvement, namely, preservice drug (marijuana) use and enrollment in a military drug rehabilitation program. He was subsequently granted a security clearance by the Army in 1990 or 1991.¹⁹

¹⁶ See *also* ISCR Case No. 14-06781 at 3 (App. Bd. Dec. 16, 2016) (failure to raise an objection to an exhibit offered by the Government with the FORM waives it); ISCR Case No. 02-12199 at n. 6 (App. Bd. Oct. 7, 2004) ("An applicant can waive his or her objection to the admissibility of evidence even though the Directive is silent on the matter of waiver."); ISCR Case No. 08-12061 at 2 (App. Bd. Dec. 15, 2009) ("Although *pro se* applicants cannot be expected to act like a lawyer, they are expected to take timely, reasonable steps to protect their rights under the Directive. If they fail to take timely, reasonable steps to protect their rights, that failure to act does not constitute a denial of their rights.").

¹⁷ See FORM n.1; Response at 3, ¶ 3.

¹⁸ Response at 8; Item 7. See *also* App. Exh. I.

¹⁹ Item 8 at 7-9; Response.

In the mid-1990s, Applicant was investigated by the military for his suspected involvement in the online distribution of child pornography while stationed at a U.S. base in Country X. Applicant denies he engaged in such conduct and states that he only shared adult material (“Penthouse-type” nude photographs of women) with other service members via an online bulletin board. His personal computer was seized by military investigators, and two images of suspected child pornography were found during a subsequent search of the computer.

Applicant was represented by military defense counsel during the course of the ensuing criminal investigation. He states that he was not criminally charged nor otherwise disciplined by the military. He believes that a high-ranking U.S. Army officer, with whom Applicant shared photos with through the online bulletin board, was court-martialed. After the investigation was completed, Applicant was allowed to continue to serve in the U.S. Army and retired after twenty years of honorable service in 2006.²⁰

In 2005, Applicant put \$40,000 down and signed a contract with a builder to construct a home for his family. The newly built home was completed in 2006. Applicant financed the purchase price of the new home by taking equity out of his existing home and through mortgage loans. He planned to sell his previous home, but due to economic conditions was unable.

A year after the home was completed, in 2007, Applicant accepted a position to work as a U.S. government contractor in Country X. He rented both his homes in the United States. He worked in Country X as a U.S. Government contractor for the next five years, from 2007 to 2012. Upon returning to the United States, Applicant kept working for his former employer until 2015, when he was laid off. He experienced a period of unemployment before being hired by his current employer in January 2016.²¹

Applicant claims he started experiencing financial trouble in 2008, in part, because his pay was reduced.²² His W-2 statements for 2007 and 2008 reflect earnings of approximately \$118,000 and \$300,000, respectively. His IRS account transcripts for 2010 – 2014 reflect the following:²³

Year	Adjusted Gross Income (AGI) (approximate)
2010	\$140,000

²⁰ Item 8 at 6-7. Beyond the summary of the security clearance interview, no evidence was provided regarding the security clearance denial and the child pornography allegations. Applicant was provided a copy of the interview summary with the FORM and nowhere in his Response does he challenge the accuracy or reliability of this portion of the interview. ISCR Case No. 95-0817 (App. Bd. Feb. 21, 1997). I only considered these non-alleged matters in the context of the whole person. ISCR Case No. 14-00151 at n.1 (App. Bd. Sep. 12, 2014) (limited purposes a judge can consider non-alleged conduct).

²¹ Items 3-4; Response. It is unclear from the record whether Applicant’s former employer was aware that Applicant was the subject of a criminal Army investigation when he was previously stationed in Country X.

²² Item 3 (Answer) at 2.

²³ The information regarding Applicants earnings and AGI for 2007-2008 and 2010-2014 were taken from Exhibits 2 and 3. Evidence regarding Applicant’s 2009 income and other years was not provided.

2011	\$115,000
2012	\$265,000
2013	\$230,000
2014	\$200,000

In the summer of 2009, the tenant renting Applicant's recently constructed home received orders from the military and moved out. Applicant was unable to re-rent the property, and was unable to afford the mortgages on both his homes. He requested a modification, but the lender denied the request citing to Applicant's high debt-to-income ratio and that he was not using the property as his primary residence.

Applicant also tried to sell the recently constructed home with no success. He fell behind on his mortgage payments and lender foreclosed on the property in 2010. Applicant submitted a 1099-C showing the cancellation of more than \$550,000 owed on the first mortgage, and that the fair market value of the property was less than \$420,000.²⁴ Notwithstanding Applicant's purported inability to pay his mortgage, he took numerous vacation trips to Europe and Asia between 2008 and 2013.²⁵

In September 2014, Applicant submitted a security clearance application (SCA), which initiated the current reinvestigation. He reported that his past-due credit card and other unsecured debt totaled about \$50,000. He explained that "[m]y income has gone down by almost 80% since August of 2012. I have done my best to keep up with all my financial obligations but have had the most difficulty this past year. With my income having gone down so much, I have not been able to keep up with everything."²⁶ Applicant's IRS account transcripts reflect that his AGI for 2012 and 2013 was over \$200,000 for both years.²⁷ He did not report the foreclosure of his home on the SCA.²⁸

In December 2014, Applicant was interviewed by a security clearance investigator. Applicant discussed his financial problems, including the foreclosure, with the investigator. He attributed his financial problems to: (a) the recession, (b) reduction in pay, (c) reliance on credit cards to pay bills, and (d) the cost associated with his wife's frequent travels to Country X to visit and care for her sick grandmother. Applicant told the investigator that he was in the process paying down his debts.²⁹

²⁴ Item 3; Response; Exhibit 4.

²⁵ Item 4 at 31-41.

²⁶ Item 4 at 47.

²⁷ Exhibit 2.

²⁸ He also did not report on the SCA the 1986 security clearance denied, nor that he had a \$30,000 outstanding judgment from 2007. See Item 5, Bankruptcy Petition, Schedule F (listing 2007 judgment). These failures to disclose were not alleged in the SOR and are only being considered in assessing mitigation, credibility, and conducting a whole-person assessment.

²⁹ Item 8 at 4-5. See *a/s/o* Item 7 (December 2014 credit report reflects numerous delinquent accounts).

Two of Applicant's overdue creditors filed lawsuits against him. A month before he was to appear in court to answer their claims, Applicant filed for Chapter 7 bankruptcy.³⁰ Applicant's August 2015 Chapter 7 bankruptcy petition reflects:

- A savings account balance of \$6.50.³¹
- Luxury car purchases in 2012 and 2014, which debts he reaffirmed.³²
- Delinquent state and federal taxes totaling about \$12,000.³³
- Unsecured debt totaling over \$190,000. Applicant's unsecured debt included delinquent credit cards, unpaid loans, an overdrawn checking account, a \$30,000 judgment from 2007, and over \$100,000 for a mortgage-related debt. Also, listed is another mortgage-related debt for an unknown amount.³⁴
- Monthly income of approximately \$10,800 against monthly expenses of about \$11,300, leaving a negative \$450 monthly remainder. Applicant's recurring expenses included \$1,400 monthly payments for two luxury vehicles and an additional \$3,000 a month for the feed and care of a horse and riding lessons for his daughter.³⁵

Applicant's (dischargeable) debts were discharged through Chapter 7 bankruptcy in November 2015. He used his severance pay to pay his past-due federal taxes in January 2016.³⁶ He states in his Response that he has since sold the horse and no longer has that as an expense. He claims that his past financial problems were, in part, attributable to receiving raises and bonuses that "were so miniscule . . . they had no positive financial impact."³⁷

Law & Policies

"[N]o one has a 'right' to a security clearance." *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). Individuals are eligible for access to classified

³⁰ Item 5 at 1, 30-31.

³¹ Item 5, Schedule B.

³² Item 5 at 10.

³³ Item 5, Schedule E.

³⁴ Item 5, Schedule F.

³⁵ Item 5 at 27; Response at 6-7 (Applicant describes the two luxury car purchases as a "necessity").

³⁶ Response; Exhibit 1.

³⁷ Item 3 (Answer) at 6. *But see* Exhibits 2 and 3.

information “only upon a finding that it is clearly consistent with the national interest” to authorize such access. E.O. 10865 § 2; SEAD-4, ¶ E.4.

When evaluating an applicant’s eligibility for a security clearance, an administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations, the guidelines list potentially disqualifying and mitigating conditions. The guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, an administrative judge applies the guidelines in a commonsense manner, considering all available and reliable information, in arriving at a fair and impartial decision. AG ¶ 2.

Department Counsel must present evidence to establish controverted facts alleged in the SOR. Directive ¶ E3.1.14. Applicants are responsible for presenting “witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by the applicant or proven . . . and has the ultimate burden of persuasion as to obtaining a favorable clearance decision.” Directive ¶ E3.1.15.

Administrative Judges make certain that applicants: (a) receive fair notice of the issues, (b) have a reasonable opportunity to address those issues, and (c) are not subjected to unfair surprise. Directive, ¶ E3.1.10; ISCR Case No. 12-01266 at 3 (App. Bd. Apr. 4, 2014). In deciding a case, a judge must resolve any doubt raised by the evidence in favor of the national security. AG ¶ 2(b). *See also* SEAD-4, ¶ E.4. Moreover, the Supreme Court has held that officials making “security clearance determinations should err, if they must, on the side of denials.” *Egan*, 484 U.S. at 531.

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. 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 safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

Analysis

Guideline F, Financial Considerations

Failure 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 or sensitive information. . . .³⁸

Guideline F is not limited to a consideration of whether a person with financial issues might be tempted to compromise classified information or engage in other

³⁸ AG ¶ 18.

illegality to pay their debts. It also addresses the extent to which the circumstances giving rise to delinquent debt cast doubt upon a person's judgment, self-control, and other qualities essential to protecting classified information.³⁹

In assessing Applicant's case, I considered all the disqualifying and mitigating conditions under Guideline F, including the following pertinent ones:

AG ¶ 19(a): inability to satisfy debts;

AG ¶ 19(b): unwillingness to satisfy debts . . . ;

AG ¶ 19(c): a history of not meeting financial obligations;

AG ¶ 19(e): consistent spending beyond one's means or frivolous or irresponsible spending, which may be indicated by excessive indebtedness, significant negative cash flow, a history of late payments or of non-payment, or other negative financial indicators;

AG ¶ 19(f): failure to . . . pay annual Federal, state, or local income tax as required;

AG ¶ 20(a): the behavior happened so long ago, . . . 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;

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, . . .), and the individual acted responsibly under the circumstances;

AG ¶ 20(c): the individual has received or is receiving financial counseling for the problem . . . and there are clear indications that the problem is being resolved or is under control;

AG ¶ 20(d): the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; and

AG ¶ 20(g): the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

A security clearance adjudication is not a debt collection process. Instead, an administrative judge examines the way an applicant handles his or her personal financial obligations to assess how they may handle their security obligations.⁴⁰

³⁹ ISCR Case No. 11-05365 at 3 (App. Bd. May. 1, 2012).

⁴⁰ See *generally* ISCR Case No. ISCR Case No. 12-09719 at 2-3 (App. Bd. Apr. 6, 2016).

Moreover, the resolution of past financial issues alone without evidence of true reform and rehabilitation is of limited probative value in the security clearance context.⁴¹

Applicant claims that his financial problems were, in part, attributable to a lack of sufficient income. The record evidence, however, reflects that he earned \$300,000 in 2008, and his IRS account transcripts from 2010 to 2014 indicate an AGI totaling nearly \$1,000,000. Despite having the financial means to pay his debts, Applicant repeatedly failed to meet his financial obligations. His August 2015 bankruptcy petition reflects that one of his many unpaid debts included a \$30,000 judgment from 2007. The record evidence further reflects that instead of paying his debts Applicant took several vacation trips to Europe and Asia. He purchased two luxury vehicles shortly before filing for bankruptcy, and the bankruptcy documents show that he was living beyond his means. Of note, his bankruptcy petition reflects that his monthly expenses, which included paying for the feed and care of a horse and his daughter's riding lessons, exceeded his income. No documentary evidence was submitted showing that Applicant currently manages his finances any differently than he has for the past decade.

Additionally, Applicant only took action to address his past-due debts through bankruptcy after some of his creditors took legal action to enforce their claims against him. He was then able to discharge nearly \$200,000 in delinquent debt that he had accrued over the years.

I have taken into account that some matters largely beyond Applicant's control negatively impacted his finances (short-term unemployment and cost associated with his wife's frequent travel to care for a sick family member). Also, Applicant presumably received financial counseling through the bankruptcy process and paid his past-due federal tax debt. Nevertheless, the record evidence and Applicant's statements throughout the security clearance process demonstrate that the real problem is not these issues largely beyond his control but, rather, Applicant's reckless or irresponsible spending. His statements further reveal that he has yet to appreciate and accept his role in his past financial issues. He failed to show that similar security-significant issues are unlikely to recur.

In short, the circumstances giving rise to Applicant's past financial problems continue to raise serious concerns about his suitability. The above-enumerated disqualifying conditions fully apply and some of the listed mitigating conditions partially apply. Applicant's financial circumstances continue to raise a security concern.

Whole-Person Concept

An administrative judge must make a commonsense judgment about a person's security clearance suitability after considering all available, reliable and relevant

⁴¹ *Compare*, ISCR Case No. 12-04806 (App. Bd. July 3, 2014) (despite the presence of unresolved debt, notably, a second mortgage loan tied to a property that had been foreclosed, Board upheld grant because clear evidence of reform and rehabilitation), *with*, ISCR Case No. 15-03481 (App. Bd. Sep. 27, 2016) (applicant's filing of overdue tax returns alone insufficient to mitigate security concerns, where no extenuating circumstances to explain the late tax filing or evidence of financial reform).

information. This is referred to as the whole-person concept. (See *generally* AG ¶ 2. See *also* SEAD-4, ¶ E.4.) A judge's assessment in these cases is informed by the guidelines, as well as the non-exclusive factors set forth in AG ¶¶ 2(d) and 2(f). I hereby incorporate my above analysis and highlight some additional whole-person factors.

Applicant served honorably in the military for 20 years and thereafter has supported the U.S. Government as a contractor to the present day. However, this and the other favorable record evidence are insufficient to outweigh the serious security concerns (and negative inferences regarding his suitability) raised by Applicant's long track record of failing to meet his financial obligations. Additionally, his lack of candor during the course of the security clearance process regarding the actual state of his finances further detracts from the favorable evidence. Of note, Applicant's 2015 bankruptcy petition reflects that his past-due unsecured debt alone totaled nearly \$200,000 or four times the amount he reported a year earlier in a security clearance application. Overall, the record evidence leaves me with serious doubts as to Applicant's eligibility for continued access to classified information.⁴²

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 (Financial Considerations):	AGAINST APPLICANT
Subparagraphs 1.a and 1.b:	Against Applicant
Paragraph 2, Guideline B (Foreign Influence):	WITHDRAWN
Subparagraph 2.a:	Withdrawn

Conclusion

In light of the circumstances presented by the record in this case, it is not clearly consistent with the interest of national security to continue Applicant's eligibility for access to classified information. Applicant's request for a security clearance is denied.

Francisco Mendez
Administrative Judge

⁴² I considered the exceptions listed in Appendix C to SEAD-4, and do not find that any are warranted in this case. See SEAD-4, ¶ E.3 and AG ¶ 2(h); *contrast with* ISCR Case No. 10-03646 at 2 (App. Bd. Dec. 28, 2011) (under previous version of the guidelines, judges had "no authority to grant an interim, conditional or probationary clearance.")