



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



In the matter of:

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ISCR Case No. 15-06112

Applicant for Security Clearance

Appearances

For Government: Candace Garcia, Esq., Department Counsel

For Applicant: *Pro se*

10/07/2016

Decision

HARVEY, Mark, Administrative Judge:

Applicant's statement of reasons (SOR) alleges ten delinquent debts totaling \$5,234, and five charged-off accounts without balances. Applicant is credited with paying or resolving all of his SOR debts, except for two accounts which are in payment plans that are satisfactory to the creditor. Applicant has established a track record of debt payment and resolution. Financial considerations security concerns are mitigated. Access to classified information is granted.

History of the Case

On August 12, 2014, Applicant completed and signed a Questionnaire for National Security Positions (SF 86) (SCA). (Government Exhibit (GE) 1) On January 17, 2015, the Department of Defense (DOD) Consolidated Adjudications Facility (CAF) issued an SOR to Applicant pursuant to Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry*, February 20, 1960; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive), January 2, 1992; and the adjudicative guidelines (AG), which became effective on September 1, 2006.

The SOR detailed reasons why the DOD CAF did not find that it is clearly consistent with the national interest to grant or continue a security clearance for him, and recommended referral to an administrative judge to determine whether a clearance

should be granted, continued, denied, or revoked. (HE 2) Specifically, the SOR set forth security concerns arising under the financial considerations guideline.

On February 18, 2016, Applicant responded to the SOR, and he requested a hearing. On June 30, 2016, Department Counsel was ready to proceed. On August 1, 2016, the case was assigned to me. On August 18, 2016, the Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing, setting the hearing for September 19, 2016. (HE 1) The hearing was held as scheduled.

Department Counsel offered seven exhibits; Applicant offered 40 pages of documentation about his debts; and all exhibits were admitted into evidence without objection. (Transcript (Tr.) 11-17; Government Exhibit (GE) 1-7; Applicant's Exhibit (AE) A at 1-40) On September 27, 2016, DOHA received a copy of the transcript of the hearing.

Findings of Fact

In Applicant's SOR response, he admitted the allegations in SOR ¶¶ 1.a through 1.g, 1.i, 1.j, and 1.l, and he denied the remaining allegations. He also provided extenuating and mitigating information. Applicant's admissions are accepted as findings of fact.

Applicant is a 44-year-old employee of a defense contractor. (Tr. 6) He is employed full time in security, and he has a separate part-time job assisting a federal agency with administrative tasks. (Tr. 6-8) In 1991, he graduated from high school, and he has not attended college. (Tr. 6) He has not served in the military. (Tr. 7) He has been employed in security for three years. (Tr. 8) He married in 1999, and he does not have any children. (Tr. 8)

Financial Considerations

The cause of Applicant's delinquent debts was inability to work after an accident and two lengthy periods of unemployment. In 2010, Applicant was in a serious car accident, and in 2011, he received \$15,000 from insurance. (Tr. 17, 20) From January through September 2012, and from January through May 2013, he was unemployed. (Tr. 17, 20, GE 1) When he was unemployed, he fell behind on several debts. (Tr. 36-37) After he became employed, he established payment plans and paid or resolved his delinquent debts. (Tr. 36-37)

The status of the 15 SOR allegations is as follows:

SOR ¶ 1.a alleges a bank debt for \$2,821. On February 17, 2016, Applicant arranged a \$125 monthly payment plan to resolve this debt. (Tr. 21-23; AE A at 27) He has made his monthly payments in compliance with this agreement. (Tr. 23)

The debts in SOR ¶¶ 1.b, 1.k, 1.l, and 1.o originate from or through the same large bank. SOR ¶ 1.b alleges a collection account for \$775 on behalf of this bank. On

April 24, 2015, the attorney representing the collection agent in SOR ¶ 1.b wrote that a judgment on behalf of the collection agent was satisfied. (AE A at 32-33) On February 18, 2016, a collection agent for the creditor bank in SOR ¶¶ 1.k and 1.l wrote that the final payment of a debt for \$1,833 was received, and the amount due was zero. (Tr. 29-30; AE A at 26, 35) SOR ¶ 1.o alleges a charged-off debt from a store for an unknown amount. On February 18, 2016, the collection agent for the debt in SOR ¶ 1.o wrote that the debt was paid. (Tr. 35; AE A at 34) The letter from the creditor indicates the debt in SOR ¶ 1.o was first sold to the bank in SOR ¶¶ 1.k and 1.l, and then was being collected by the company alleged in SOR ¶ 1.b. (Tr. 30-31; AE A at 24, 26, 34) On January 25, 2016, Applicant originated a \$55 monthly payment plan for a bank debt with a balance of \$610, and his current balance is \$280. (Tr. 24-25; AE A at 40) In sum, Applicant is credited with paying three of the four SOR debts, and one bank debt for \$280 is in an established payment plan. (Tr. 30-31)

SOR ¶ 1.c alleges a charged-off debt owed to a business. On June 21, 2016, the creditor wrote that the debt was “settled in full.” (Tr. 25-26; AE A at 28)

SOR ¶ 1.d alleges a charged-off debt for \$307. This debt was satisfied on an unspecified date. (GE 5 at 2-4)

SOR ¶¶ 1.e, 1.f, and 1.j allege delinquent medical debts for \$227, \$148, and \$68. On February 15, 2016, Applicant paid \$227 to the creditor in SOR ¶ 1.e, and this debt is resolved. (Tr. 27; AE A at 38) On February 18, 2016, he paid \$148 to the creditor in SOR ¶ 1.f, and this debt is resolved. (Tr. 26; GE 5 at 2-4; AE A at 1) On February 20, 2016, he paid \$68 to the creditor in SOR ¶ 1.j, and this debt is resolved. (Tr. 26; AE A at 31; GE 5 at 2-4; AE A at 39)

SOR ¶ 1.g alleges a collection debt for \$147, which originated from a telecommunications company. On February 11, 2016, Applicant paid this debt, and he has a zero balance owed on this account. (Tr. 26; AE A at 31; GE 5 at 2-4)

SOR ¶ 1.h alleges a charged-off bank debt for \$143. On February 24, 2016, Applicant paid this debt. (Tr. 28; AE A at 25)

SOR ¶ 1.i alleges a collection debt for \$98. Applicant paid the debt in full using a credit card account. (Tr. 26; AE A at 31; GE 5 at 2-4; AE A at 29)

SOR ¶ 1.m alleges a charged-off debt owed to a bank for an unknown amount. In September 2014, Applicant paid a collection account for \$1,780, which originated from the bank in SOR ¶ 1.m. (Tr. 31-33; AE A at 30)

SOR ¶ 1.n alleges a charged-off debt owed to a store for an unknown amount. The collection agent for the creditor in SOR ¶ 1.n claimed Applicant’s spouse owed a debt for \$1,957 (AE A at 5, 23), and in 2014, the collection agent filed a lawsuit against Applicant’s spouse to collect the debt. (AE A) On September 11, 2014, the collection agent informed Applicant’s spouse that the debt in SOR ¶ 1.n was satisfied. (Tr. 34-35; AE B at 22)

In sum, the only SOR debts not paid or resolved are the debts in SOR ¶¶ 1.a and 1.b, and those two debts are in established payment plans. (Tr. 41-42) Applicant is current on all of his bills and expenses, including his mortgage and his car payment. (Tr. 35-38) He maintained contact with his creditors when he was unable to make payments. (Tr. 38) Applicant understands the security concern raised by delinquent debts, and he assures he will continue to maintain his financial responsibility. (Tr. 41, 44)

Policies

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, “no one has a ‘right’ to a security clearance.” *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). As Commander in Chief, the President has the authority to control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information.” *Id.* at 527. The President has authorized the Secretary of Defense or his designee to grant applicant’s eligibility for access to classified information “only upon a finding that it is clearly consistent with the national interest to do so.” Exec. Or. 10865, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with an evaluation of the whole person. An administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. Decisions include, by necessity, consideration of the possible risk 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. Clearance decisions must be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See Exec. Or. 10865 § 7. Thus, nothing should be construed to suggest that I have based this decision, in whole or in part, on any express or implied determination about applicant’s allegiance, loyalty, or patriotism. It is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense have established for issuing a clearance.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. See *Egan*, 484 U.S. at 531. “Substantial evidence” is “more than a scintilla but less than a preponderance.” See *v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994). The guidelines

presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant's security suitability. See ISCR Case No. 95-0611 at 2 (App. Bd. May 2, 1996).

Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his or her security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). The burden of disproving a mitigating condition never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531; see AG ¶ 2(b).

Analysis

Financial Considerations

AG ¶ 18 articulates the security concern relating to financial problems:

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

AG ¶ 19 provides two disqualifying conditions that could raise a security concern and may be disqualifying in this case: "(a) inability or unwillingness to satisfy debts;" and "(c) a history of not meeting financial obligations." The Government established the disqualifying conditions in AG ¶¶ 19(a) and 19(c) requiring additional inquiry about the possible applicability of mitigating conditions.

Five mitigating conditions under AG ¶ 20 are potentially applicable:

(a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;

(b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, or a death, divorce or separation), and the individual acted responsibly under the circumstances;

(c) the person has received or is receiving counseling for the problem and/or there are clear indications that the problem is being resolved or is under control;

(d) the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts;¹ and

(e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue.

The Appeal Board concisely explained Applicant's responsibility for proving the applicability of mitigating conditions as follows:

Once a concern arises regarding an Applicant's security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. See *Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. See Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in *Egan, supra*. "Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security." Directive, Enclosure 2 ¶ 2(b).

ISCR Case No. 10-04641 at 4 (App. Bd. Sept. 24, 2013).

AG ¶¶ 20(a), 20(c), and 20(d) apply. Applicant's delinquent debts were caused by his inability to work after an accident and two lengthy periods of unemployment. When he was unemployed, he fell behind on several debts. After he became employed, he established payment plans and paid his delinquent debts. He acted responsibly by paying several debts subsequently alleged on the SOR before the SOR was issued.

¹The Appeal Board has previously explained what constitutes a "good faith" effort to repay overdue creditors or otherwise resolve debts:

In order to qualify for application of [the "good faith" mitigating condition], an applicant must present evidence showing either a good-faith effort to repay overdue creditors or some other good-faith action aimed at resolving the applicant's debts. The Directive does not define the term "good-faith." However, the Board has indicated that the concept of good-faith "requires a showing that a person acts in a way that shows reasonableness, prudence, honesty, and adherence to duty or obligation." Accordingly, an applicant must do more than merely show that he or she relied on a legally available option (such as bankruptcy) in order to claim the benefit of [the "good faith" mitigating condition].

(internal citation and footnote omitted) ISCR Case No. 02-30304 at 3 (App. Bd. Apr. 20, 2004) (quoting ISCR Case No. 99-9020 at 5-6 (App. Bd. June 4, 2001)).

Applicant's SOR alleges ten delinquent accounts totaling \$5,234, and five charged-off accounts without balances. Applicant is credited with paying all of his SOR debts, except for two accounts which are in payment plans that are satisfactory to the creditors. Based on Applicant's credible and sincere promise to pay his debts and his track record of paying his debts, future new delinquent debt "is unlikely to recur and does not cast doubt on [Applicant's] current reliability, trustworthiness, or good judgment," and "there are clear indications that the problem is being resolved or is under control." His payments of his debts showed good faith. He has sufficient income to keep his debts in current status and to continue making progress paying his remaining debts. I am confident that Applicant will conscientiously endeavor to maintain his financial responsibility. His efforts are sufficient to mitigate financial considerations security concerns.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an Applicant's eligibility for a security clearance by considering the totality of the Applicant's conduct and all the circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(a):

(1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I have incorporated my comments under Guideline F in my whole-person analysis. Some of the factors in AG ¶ 2(a) were addressed under Guideline F, but some warrant additional comment.

Applicant is a 44-year-old employee of a defense contractor. He is employed full time in security, and he has a separate part-time job assisting a federal agency with administrative tasks. He has been employed in security for three years, and he has made steady financial progress after becoming employed to resolve his debts. He is sufficiently mature to conscientiously comply with his security responsibilities.

Appellant's delinquent debts were caused by inability to work after a serious traffic accident and periods of unemployment. After he became fully employed, he resumed debt payments. All of Applicant's SOR debts are now paid or are in current payment plans. He is communicating with his creditors and assures he intends to pay his debts. He understands the conduct required to retain his security clearance. The

Appeal Board has addressed a key element in the whole-person analysis in financial cases stating:

. . . the concept of meaningful track record necessarily includes evidence of actual debt reduction through payment of debts. 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. All that is required is that an applicant demonstrate that he has . . . established a plan to resolve his financial problems and taken significant actions to implement that plan. 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. 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.

ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008) (internal citations and quotation marks omitted). Applicant has established a "meaningful track record" of debt re-payment, and I am confident he will maintain his financial responsibility.

I have carefully applied the law, as set forth in *Egan*, Exec. Or. 10865, the Directive, and the AGs, to the facts and circumstances in the context of the whole person. Financial considerations concerns are mitigated.

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
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Subparagraphs 1.a through 1.o:	For Applicant
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Conclusion

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

MARK HARVEY
Administrative Judge