



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



In the matter of:	)	
	)	
[REDACTED]	)	ISCR Case No. 15-07719
	)	
Applicant for Security Clearance	)	

**Appearances**

For Government: Braden M. Murphy, Esq., Department Counsel  
For Applicant: *Pro se*

07/03/2017

---

**Decision**

---

HESS, Stephanie C., Administrative Judge:

On April 15, 2016, the Department of Defense (DOD) Consolidated Adjudications Facility (CAF) sent Applicant a Statement of Reasons (SOR) alleging concerns under the financial considerations guideline.<sup>1</sup> Applicant answered the SOR and requested a hearing to establish his eligibility for access to classified information.

---

<sup>1</sup> This action was taken under Executive Order (E.O.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the Adjudicative Guidelines (AG) implemented by the Department of Defense on September 1, 2006. The AG were amended effective June 8, 2017. The hearing in this case was held under the AG implemented on September 1, 2006. However, the DOD implemented the amended AG on June 8, 2017, while this decision was pending. This decision will be decided based on the amended AG effective June 8, 2017. The outcome of this case would have been the same if decided based on the former AG.

On January 12, 2017, I convened a hearing. After I received the transcript, I reviewed the record in its entirety, including Applicant's post-hearing submissions. (AX E – AX J.) I then provided written notice to the parties of my intent to resolve the case through a summary disposition in Applicant's favor. Department Counsel indicated that the Government had no objections. (See Appellate Exhibit I.)

Applicant's past financial problems were primarily attributable to matters beyond his control. Specifically, Applicant's financial difficulties began in August 2005, when his rental house was destroyed by Hurricane Katrina. He received a disaster relief loan through the U.S. Small Business Administration (SBA) of \$198,000 to rebuild the house. The rebuilding process took several years, largely due to a shortage of reputable building contractors. As a result of the region-wide hurricane damage, Applicant's insurance on the house drastically increased, as did his property taxes. By the time Applicant's house was completed in 2010, the Government had subsidized the construction of approximately 200 rental properties within a three-mile-radius of Applicant's house. Additionally, plans to revitalize the community never materialized and the population did not rebound as projected. The over-recovery of the rental market and the overall lack of renters left Applicant unable to rent his house, yet responsible for the loan payments.

In 2011, Applicant began contacting the SBA seeking loan forgiveness or modification, which was regularly being granted in neighboring areas. Between 2011 and 2014, Applicant made numerous attempts to modify his loan, all of which were unsuccessful. He struggled to maintain the loan payments, occasionally making a partial payment or missing a payment. He attempted to sell the house, but could not due to decreased market value and an abundance of for-sale rental houses. Applicant lived with family members to reduce his financial outlay in order maintain his loan payments.

In 2014, Applicant accepted employment in another state for a significant increase in salary. However, the greater cost of living, including rent for his apartment, consumed his increased wages, and he fell behind on his loan payments. The \$176,502 debt alleged in SOR ¶ 1.a is for the balance owed on this loan. Ultimately, after never securing a renter, Applicant consulted an attorney who advised Applicant to file Chapter 13 bankruptcy, which he did in 2015 after completing the requisite financial counseling. (AX F.) The deed to Applicant's rental house was surrendered to the SBA through the bankruptcy court. Applicant has been making \$850 monthly payments since October 2016, totaling \$7,650 as of January 2017. (AX G.) He is in the most stable financial position of his life, and is readily able to maintain all his financial obligations. He is an active member of his church and community, is trusted and respected by his manager and co-workers, and has received numerous awards in his employment. He has been employed as a federal contractor since 1978. (AX H; AX I; Tr. 37-42.)

Applicant's history of financial problems does not create doubt about his current reliability, trustworthiness, good judgment, and ability to protect classified information. I weighed the evidence as a whole and gave due consideration to the whole-person

concept, including Applicant's lengthy federal service. Accordingly, I conclude that Applicant met his burden of persuasion to show that it is clearly consistent with the national interest to grant his eligibility for access to classified information. Applicant's request for a security clearance is granted.

### **Formal Findings**

As required by section E3.1.25 of Enclosure 3 of the Directive, I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F (Financial Considerations): FOR APPLICANT

Subparagraph 1.a:

For Applicant

### **Conclusion**

I conclude that it is clearly consistent with the national interest to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is granted.

Stephanie C. Hess  
Administrative Judge