



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



In the matter of:

ISCR Case No. 17-00109

Applicant for Security Clearance

Appearances

For Government: Jeff Nagel, Esq., Department Counsel
For Applicant: *Pro se*

October 3, 2018

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On March 10, 2017, in accordance with DoD Directive 5220.6, as amended (Directive), the Department of Defense issued Applicant a Statement of Reasons (SOR) alleging facts that raise security concerns under Guideline F.¹ The SOR further informed Applicant that, based on information available to the government, DoD adjudicators could not make the preliminary affirmative finding it is clearly consistent with the national interest to grant or continue Applicant's security clearance.

Applicant answered the SOR on April 19, 2017, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on June 1, 2017. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on October 31, 2017, scheduling the hearing for November 28, 2017. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 8, which were admitted

¹ I considered the previous Adjudicative Guidelines, effective September 1, 2006, as well as the new Adjudicative Guidelines, effective June 8, 2017. My decision would be the same if the case was considered under the previous Adjudicative Guidelines, effective September 1, 2006.

into evidence. Applicant testified on his own behalf. The record was left open until February 2, 2018, for receipt of additional documentation. On February 2, 2018, Applicant presented one packet of documents, which I marked Applicant's Exhibit (AppX) A and admitted into evidence. DOHA received the transcript of the hearing (TR) on December 5, 2017.

Findings of Fact

Applicant admitted to the allegations in SOR ¶¶ 1.a. through 1.c. He denied SOR allegation ¶ 1.d. After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 39-year-old employee of a defense contractor. (GX 1 at page 5.) He has been employed with the defense contractor since May of 2015. (GX 2 at page 2.) Through the Army National Guard, he has held a security clearance since about February of 2009. (GX 1 at pages 36~37, see also AppX A at pages 2~3.) He is married, and has "three daughters." (TR at page 24 lines 3~25.)

Guideline F – Financial Considerations

Applicant attributes his admitted financial difficulties to a period of unemployment "from December of 2012 to June of 2013." (TR at page 27 line 20 to page 31 line 24.)

1.a. Applicant admits that he was indebted to a mortgage company for a past-due debt in the amount of about \$76,881. (TR at page 26 line 6 to page 34 line 24.) The monthly mortgage payments have been modified; and Applicant is current with this debt, as evidenced by a "Loan Modification Agreement" (AppX A at pages 4~9), and the Government's most recent November 2017 credit report (CR) (GX 8 at page 2.) This allegation is found for Applicant.

1.b. Applicant admits that he was indebted to an automobile manufacturer for a past-due debt in the amount of about \$14,210. (TR at page 35 line 5 to page 38 line 4.) This debt has been settled for \$5,684 and "RESOLVED," as evidenced by documentation from the successor creditor to this debt. (AppX A at pages 10~11.) This allegation is found for Applicant.

1.c. Applicant admits that he is indebted to an motorcycle manufacturer for a past-due debt in the amount of about \$9,982. (TR at page 38 line 5 to page 40 line 17.) Despite have an additional two plus months to address this admitted debt, Applicant has offered nothing further in this regard. (TR at page 43 line 21 to page 44 line 11.) This allegation is found against Applicant.

1.d. Applicant denies that he was indebted to a phone company for a past-due debt in the amount of about \$37. (TR at page 41 line 15 to page 42 line 12.) As this alleged debt does not appear on the Government's most recent November 2017 CR, this allegation is found for Applicant.

Policies

When evaluating an applicant's national security eligibility, the administrative judge must consider the adjudicative guidelines (AG). In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's national security eligibility.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines in conjunction with the factors listed in AG ¶ 2 describing the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(a), 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 national security eligibility 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. Directive ¶ E3.1.15 states the "applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by the applicant or proven by Department Counsel, and has the ultimate burden of persuasion as to obtaining a favorable clearance decision."

A person who applies for access to classified information seeks to enter 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 the applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified information.

Section 7 of Executive Order (EO) 10865 provides that adverse 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 concern relating to the guideline for Financial Considerations is set out in AG ¶ 18:

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. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental health conditions, substance misuse, or alcohol abuse or dependence. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. Three are potentially applicable in this case:

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts regardless of the ability to do so; and
- (c) a history of not meeting financial obligations.

Applicant had significant past-due indebtedness. The evidence is sufficient to raise these disqualifying conditions.

AG ¶ 20 provides conditions that could mitigate security concerns. I considered all of the mitigating conditions under AG ¶ 20 including:

- (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, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances;

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

While Applicant can attribute his admitted debts to a period of unemployment, has resolved two of his admitted debts, and has successfully disputed another, an admitted significant past-due debt for nearly \$10,000 has yet to be addressed. Applicant's financial problems are therefore ongoing, and he has not demonstrated that future financial problems are unlikely. Mitigation under AG ¶ 20(b) has not been established.

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 relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

(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 considered the potentially disqualifying and mitigating conditions in light of all facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under those guidelines, but some warrant additional comment.

Applicant has an honorable record in the Army National Guard, including two overseas deployments. (AppX A at pages 2~3.)

Overall, the record evidence leaves me with questions or doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant failed to mitigate the Financial Considerations security concerns.

Formal Findings

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

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraph 1.a:	For Applicant
Subparagraph 1.b:	For Applicant
Subparagraph 1.c:	Against Applicant
Subparagraph 1.d:	For Applicant

Conclusion

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

Richard A. Cefola
Administrative Judge