



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



In the matter of:

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ISCR Case No. 17-01181

Applicant for Security Clearance

Appearances

For Government: Carroll J. Connelley, Esq., Department Counsel

For Applicant: *Pro se*

02/27/2018

Decision

MATCHINSKI, Elizabeth M., Administrative Judge:

Applicant paid several accounts in collection and a May 2011 judgment in May 2017. He lost his home to foreclosure in 2017 after defaulting on his mortgage loan. He is not likely to be pursued for a \$14,465 charged-off balance for a timeshare. Yet, he exhibited an unacceptable tendency to ignore legitimate debts if he had a dispute or issue with the creditor. Clearance is denied.

Statement of the Case

On May 3, 2017, the 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. The SOR explained why the DOD CAF 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.

Applicant answered the SOR on May 24, 2017, and requested a decision on the written record without a hearing. On July 26, 2017, Applicant requested that his case be converted to a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). On September 12, 2017, 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. On October 13, 2017, I scheduled a hearing for November 16, 2017. In prehearing guidance, Applicant was informed that the Director of National Intelligence (DNI) had issued Security Executive Agent Directive 4 establishing the National Security Adjudicative Guidelines (AG) effective June 8, 2017, to all adjudications for national security eligibility or eligibility to hold a sensitive position.¹

At the hearing, four Government exhibits (GEs 1-4) and five Applicant exhibits (AEs A-E) were admitted in evidence. Applicant testified, as reflected in a transcript (Tr.) received on November 29, 2017. I held the record open for one month after the hearing for Applicant to supplement the record. On December 27, 2017, Applicant submitted AEs F and G, which were admitted with no objections from the Government.

Summary of SOR Allegations

The SOR alleges under Guideline F that, as of May 3, 2017, Applicant owed two wireless telephone debts in collection for \$1,310 (SOR ¶ 1.a) and \$688 (SOR ¶ 1.c); a \$1,014 charged-off debt with a telecommunications company (SOR ¶ 1.b); a satellite television debt in collection for \$540 (SOR ¶ 1.d); a cable services debt in collection for \$372 (SOR ¶ 1.e); a medical collection debt of \$186 (SOR ¶ 1.f); a medical judgment debt from May 2011 of \$782 (SOR ¶ 1.g); a defaulted mortgage loan in foreclosure with a balance of \$243,796 (\$69,185 past due) (SOR ¶ 1.h); and a \$14,465 charged-off debt (SOR ¶ 1.i). When he answered the SOR, Applicant indicated “I Admit” to each allegation. Yet, in a detailed response, he gave reasons for disputing the items: the wireless telephone debts in SOR ¶¶ 1.a and 1.c were the same debt; he had fully satisfied or settled most of the items (SOR ¶¶ 1.a-1.f) “to relieve this matter;” he had made payments toward the judgment debt (SOR ¶ 1.g); he had no success in selling the property or modifying the mortgage loan (SOR ¶ 1.h) so he decided to let the bank foreclose on the property; and that he stopped paying on his timeshare loan (SOR ¶ 1.i) after money paid to upgrade the property was not returned to him after he cancelled the upgrade.

Findings of Fact

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

Applicant is a 46-year-old retired policeman who has worked for a defense contractor as a carpenter since September 2016. Applicant was married to his first wife from May 1992 to April 2002. A daughter, now age 22, and two sons, now ages 21 and 16,

¹ Application of the AGs that were in effect as of the issuance of the SOR would not change my decision in this case.

were born of that union. In April 2002, he was ordered to pay child support of approximately \$830 per month. Applicant married his second wife in February 2011, and they divorced after less than one year together.² Applicant has a 12-year-old son with a former girlfriend. Applicant has been cohabiting with his current girlfriend since August 2016. (GEs 1-3.)

After Applicant retired from the police force in 2006, he worked primarily in the construction industry. He was laid off from his then employer in January 2010 for lack of work. From May 2010 to April 2012, he was employed as a full-time construction administrator. After he was laid off in April 2012, he worked part-time as a manager until he sustained a back injury in August 2013. He was unemployed while recuperating from back surgery until September 2014, when he started working as a buyer. He was laid off in November 2015 and unemployed until he began working for a defense contractor as a carpenter in September 2016. During his periods of unemployment, he supported himself on his police retirement income. (GEs 1-2.)

Applicant failed to pay some of his debts on time, even when he had employment or retirement income. He purchased a home in March 2006, obtaining a conventional mortgage for \$214,500. He had a history of being delinquent 90 days some 15 times on the loan, which was modified in 2009 (SOR ¶ 1.h).³ (GEs 3-4; AE B.) In May 2011, a \$782 judgment for dental services (SOR ¶ 1.g) was filed against him. In January 2013, a medical provider placed a \$186 debt in collection (SOR ¶ 1.f). In April 2014, a \$372 cable television debt from April 2012 was referred for collection (SOR ¶ 1.e). Applicant purchased a timeshare in December 2013 financed through a loan of \$14,090. He made timely payments on the loan until approximately April 2015. In October 2015, his loan was charged off for \$14,465 (SOR ¶ 1.i). In July 2015, a telecommunications company charged off his account for \$1,014 due to inactivity since October 2014 (SOR ¶ 1.b). In 2015, his child support payment (not alleged) was routinely delinquent 30 days, although he brought his child support current in 2016. (GEs 3-4.)

Applicant completed and certified to the accuracy of a Questionnaire for National Security Positions (SF 86) on April 1, 2016. He responded negatively to all the financial record inquiries, including those concerning whether, in the last seven years, he had any judgments entered against him, any bills turned over for collection, any loan defaults, and any accounts charged off for failing to pay as agreed. (GE 1.)

² Applicant provided discrepant dates for his marriages. He indicated on his security clearance application (SF 86) that he and his first wife married in May 1992 and divorced in April 2000. (GE 1.) He indicated during his November 2016 subject interview with an Office of Personnel Management (OPM) investigator that he and his first wife were divorced in April 2002. (GE 2.) On his SF 86, he gave dates of February 2011 to June 2015 for his second marriage. Yet he told the OPM investigator that he and his second wife were married for less than one year and that he could not recall the date of their divorce.

³ The complaint filed in court in April 2016 indicates that Applicant's mortgage loan obtained in March 2006 was modified on January 1, 2009, as recorded in land records in May 2009. (AE B.) Applicant testified that after his back injury, he tried unsuccessfully to modify the loan at least ten times. (Tr. 31.)

As of May 2016, Applicant was reportedly past due \$69,185 on his home loan, which was in foreclosure proceedings (SOR ¶ 1.h). The accounts in SOR ¶¶ 1.b and 1.d-1.f were in collection. The credit bureaus were reporting no progress by Applicant on resolving the \$782 judgment (SOR ¶ 1.g) or the \$14,465 charged-off timeshare loan (SOR ¶ 1.i). He was current on his child support. (GE 3.)

On November 30, 2016, Applicant was interviewed by an authorized investigator for the Office of Personnel Management (OPM). While reviewing the financial inquiries on his SF 86 with the investigator, Applicant indicated that he should have responded affirmatively because he was over 120 days past due on a mortgage loan (SOR ¶ 1.h). He explained that in 2013 or 2014, he became delinquent in making his monthly payments of approximately \$1,600. He had been approved for a loan modification at a lower interest rate, but his payments were returned to him because an account number had not been assigned to the modified loan. After his loan was transferred, he made a payment that was not accepted. The company currently holding the loan (SOR ¶ 1.h) wanted an unaffordable lump-sum payment of the full delinquency. Applicant indicated that he was trying to sell the house while also working with the mortgagee toward a foreclosure or loan modification. He expressed his belief that he had about \$150,000 in equity in the home. If the house sold, he planned to use the equity to satisfy any deficiency balance on his loan. Applicant denied knowing about any other past-due debts. (GE 2.)

Applicant was then confronted by the OPM investigator about the other delinquencies on his credit record. Applicant speculated that the \$186 medical debt was from his surgery in 2013, and should have been covered by insurance. About the Internet/cable debt in SOR ¶ 1.e, Applicant explained that he cancelled the service because the company did not show on the date scheduled for installation. He asserted that he was told that he did not owe the debt. Regarding the satellite television debt in SOR ¶ 1.d, Applicant explained that he had the service for about a year, and the company continued to bill him after he cancelled the service. He considered it the company's error and not a legitimate debt. Likewise, Applicant disputed the \$1,014 charged-off telecommunications debt because he had cancelled his service three days after activation. Applicant explained about the timeshare debt that repaid the loan at \$180 a month until sometime in 2014, when a \$500 refundable deposit for an upgrade, which he then cancelled, was not returned to him. Applicant denied any knowledge of the \$782 judgment on his record. He described his current financial situation as good. He was living with his girlfriend and paying rent to her. (GE 2.)

Applicant was reinterviewed by the OPM investigator on December 7, 2016, to obtain additional financial information. Applicant presented documentation showing that he had submitted some paperwork dated between early September 2016 and late November 2016 seeking a modification of his defaulted mortgage (SOR ¶ 1.h). He indicated that on inquiry about the \$186 medical collection debt (SOR ¶ 1.f), he was told he did not owe it. As for the satellite television debt (SOR ¶ 1.d), Applicant was informed by the creditor that he owed \$147 for unreturned equipment and \$392 in fees and unpaid balances. He had yet to return the equipment because he was disputing the debt balance. Applicant had yet to contact some of the creditors reporting past-due balances to the credit bureaus. (GE 2.)

In early January 2017, a judgment of foreclosure was entered against Applicant on the defaulted mortgage loan (SOR ¶ 1.g) with a balance of \$312,130. The property was assessed at \$325,000, but Applicant was assessed \$300 in appraiser fees, \$225 for the title search, and \$2,900 in attorney fees. (AEB.) As the mortgagor, Applicant held equitable title to the property, and as such he had a right to retain legal title to the property if he satisfied the conditions of the mortgage by the “Law Day,” which was set for February 27, 2017.⁴ Applicant did not satisfy the mortgage, and he lost the property to foreclosure for his failure to make any monthly mortgage payments for some time.⁵ (GEs 3-4.) Applicant testified that, at one time, he had an offer of purchase on the house equal to his mortgage debt. He elected to become a landlord in the hope of regaining equity, but when that did not work out, he let the bank foreclose. (Tr. 32.)

As of March 2017, Applicant had made no progress toward resolving the debts in the SOR. Additionally, a wireless service company had placed two debts in collection for \$1,310 from April 2016 (SOR ¶ 1.a) and for \$688 from August 2016 (SOR ¶ 1.c). Applicant had not made any payments toward the judgment debt, which was for a dental procedure (crown installation) because it had caused him pain. He considered the procedure unsuccessful because he had the tooth extracted three days later in lieu of returning to the dentist that installed the crown or taking a prescription analgesic to address his pain. (Tr. 62-63.)

In early May 2017, the DOD CAF issued a SOR to Applicant because of the unresolved delinquencies on his credit record. Within days after he received the SOR in mid-May 2017, Applicant paid in full or settled for less than their full balances the debts in SOR ¶ 1.a for \$172.24, ¶ 1.b for \$761.10, ¶ 1.d for \$540, ¶ 1.e for \$371.52, and ¶ 1.f for \$186.20. (AEs A, G; Tr. 50.) Concerning the debt in SOR ¶ 1.c, Applicant explained that when he contacted for wireless telephone service for himself and his son, he was given two phones. He cancelled the service within 30 days and was charged \$1,310 for one phone, which was still in its box, and \$688 for the other phone, which had been opened. Applicant did not return either phone in a timely manner. He was told to pay \$172.24 for the more expensive phone to settle his debt. Applicant asserts that the company did not assess any charge for the other phone because it was worth nothing by then. The collection agency

⁴Pertinent state law provides for deficiency judgments under Section 49-14(a), which states:

At any time within thirty days after the time limited for redemption has expired, any party to a mortgage foreclosure may file a motion seeking a deficiency judgment. Such motion shall be placed on the short calendar for an evidentiary hearing. Such hearing shall be held not less than fifteen days following the filing of the motion, except as the court may otherwise order. At such hearing the court shall hear the evidence, establish a valuation for the mortgaged property and shall render judgment for the plaintiff for the difference, if any, between such valuation and the plaintiff's claim. The plaintiff in any further action upon the debt, note or obligation, shall recover only the amount of such judgment.

⁵ Applicant testified that he stopped paying on the loan in 2015. (Tr. 54.) Available credit information from the company Applicant had been working with on a modification reports an earlier date of March 2013 for last activity while the company that foreclosed was reporting a December 2011 date of last activity. (GE 4.) The delinquency balance of \$69,185 as of May 2016 would be consistent with a last payment in 2013 if his monthly payments were \$1,767 as shown on his June 2016 credit report. (GE 3.)

reports that Applicant's account will reflect a balance after the settlement. To Applicant's understanding, his account will show a balance only if he contracts for wireless service with the company. (AE A; Tr. 28-31, 41-45.) The dentist awarded the judgment in May 2011 (SOR ¶ 1.g) had a lien against Applicant's foreclosed property. (AE B.) Between May 17, 2017 and October 26, 2017, Applicant made six \$212.54 payments by credit card to satisfy the \$1,275.24 balance. (AEs A, F.) Regarding the \$14,465 charged-off timeshare debt (SOR ¶ 1.i), Applicant testified that he contacted the creditor to make a payment to have the debt removed from his credit record, but he was told it was not possible. (Tr. 35-37.) He received a letter in July 2017 informing him that due to nonpayment of his timeshare loan, his account was cancelled on August 31, 2015. Under the terms of his purchase agreement, all of his payments made on the account were forfeited. (AE C.)

Effective July 2, 2017, Applicant's hourly pay with the defense contractor increased from \$20.86 to \$29.07 on a reclassification of his position from carpenter third class to carpenter first class. (AE E.) His police retirement income is \$3,000 per month. His child support payment of \$1,500 per month is automatically deducted from his police retirement pay. (Tr. 58-59.) Applicant estimated that he has approximately "a couple thousand dollars" in discretionary funds each month. (Tr. 60.) He gives his girlfriend \$1,500 a month in rent. (Tr. 57.)

A co-worker of Applicant's since March 2017 provided a character reference letter in which he attests to Applicant being timely in reporting to work, hardworking, well organized, and "an irreplaceable leader." (AE D.)

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(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 the 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 EO 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 articulated 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.

An applicant is not required to be debt free, but is required to manage his finances in a way as to exhibit sound judgment and responsibility. The concern under Guideline F is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual’s self-control, judgment, and other qualities essential to protecting classified information.

Guideline F security concerns are established by Applicant’s record of financial delinquencies. Applicant does not dispute that he lost a home to foreclosure in 2017 after not making payments on his mortgage loan for several years. As of May 2016, his

mortgage loan was \$69,185 past due. He did not pay for dental services that he received, and a \$782 judgment was entered against him in May 2011. A \$186 medical debt from September 2012 was placed for collection in January 2013. Applicant stopped paying on his loan for a timeshare that he purchased in December 2013, and in October 2015, his account was charged off for \$14,465. Applicant contracted for and then cancelled telecommunications services with several different providers, incurring debts totaling \$3,924 that he ignored because he did not consider them legitimate debts. The aforesaid debts all appear on Applicant's credit record as of June 2016 or March 2017. In ISCR Case No. 08-12184 at 7 (App. Bd. Jan. 7, 2010), the Appeal Board explained:

It is well-settled that adverse information from a credit report can normally meet the substantial evidence standard and the government's obligations under [Directive] ¶ E3.1.14 for pertinent allegations. At that point, the burden shifts to applicant to establish either that [he or] she is not responsible for the debt or that matters in mitigation apply.

Three disqualifying conditions under AG ¶ 19 apply: (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 has the burden of establishing one or more of the following potentially mitigating conditions under 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;

(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;

(c) the person has received or is receiving counseling for the problem from a legitimate and credible source, such as a non-profit credit counseling service, and there are clear indications that the problem is being resolved or is under control;

(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.

Some of Applicant's debts are old, such as the dental debt in SOR ¶ 1.g and the cable/Internet debt in SOR ¶ 1.e. However, other debts were incurred more recently, such as the timeshare loan, which was charged off in October 2015, and the wireless phone debts in SOR ¶¶ 1.a and 1.c, which were placed for collection in 2016. He stopped paying on his home mortgage around March 2013, and the judgment of foreclosure was entered in January 2017. AG ¶ 20(a) does not apply to recent delinquencies.

Unemployment, including while recovering from back surgery from August 2013 to September 2014 and after a job layoff in November 2015 until September 2016, was a significant factor in Applicant's failure to make his mortgage payments (SOR ¶ 1.h). AG ¶ 20(b) has some applicability, although Applicant had some income in his police retirement pay of \$3,000 per month. Yet, Applicant did not exercise prudent financial judgment in some aspects. He may not have known before his November 2016 OPM interview that some debts had been placed for collection or charged off, but he certainly knew that he had defaulted on his timeshare and home mortgage loans. He ignored the timeshare loan debt. Concerning the court judgment, at some point Applicant became aware that the dentist had a lien against his home that he lost to foreclosure. Applicant did not address the judgment until it became an issue for his security clearance eligibility. Applicant was gainfully employed during the summer of 2015, and yet he was behind on his child support despite not making any mortgage payments.⁶

AG ¶¶ 20(c) and 20(d) are partially established because of Applicant's payments, albeit belated, in full settlement or satisfaction of the debts in SOR ¶¶ 1.a-1.g. He provided the OPM interviewer some documents from the fall of 2016 pertaining to an attempt to modify his mortgage loan, which was unsuccessful in light of the subsequent judgment of foreclosure. While these efforts could qualify as a good-faith effort to address his sizeable mortgage delinquency, a judgment of foreclosure does not establish AG ¶ 20(d). Applicant has also made no payments toward the charged-off timeshare loan. Applicant's account was cancelled in August 2015 for nonpayment, and all his payments on the account were forfeited. Applicant was informed that it was not possible to make further payments on the account. A creditor charge-off is an account transfer made when a creditor no longer expects to be repaid. While the debt remains legally enforceable, it seems unlikely that the creditor will pursue Applicant for the debt. As for the mortgage debt, Applicant had about \$12,870 in equity on the home, which was more than sufficient to cover the fees incurred from the foreclosure. Neither debt is likely to be a source of future financial stress for Applicant.

⁶ Applicant's child support delinquency was not alleged, perhaps because he brought it current. It cannot be considered as a basis for disqualification. However, in ISCR Case No. 03-20327 at 4 (App. Bd. Oct. 26, 2006), the Appeal Board listed five circumstances in which conduct not alleged in an SOR may be considered stating:

(a) to assess an applicant's credibility; (b) to evaluate an applicant's evidence of extenuation, mitigation, or changed circumstances; (c) to consider whether an applicant has demonstrated successful rehabilitation; (d) to decide whether a particular provision of the Adjudicative Guidelines is applicable; or (e) to provide evidence for whole person analysis under Directive Section 6.3.

Applicant failed to provide the documentation needed for mitigation under AG ¶ 20(e). Even assuming that a wireless phone provider has agreed to disregard the debt in SOR ¶ 1.c because the phone is now outdated, Applicant admitted that he had obtained two phones that he did not return on time after he cancelled service.

Whole-Person Concept

In the whole-person evaluation, 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(d).⁷ Some of the factors in AG ¶ 2(d) were addressed under Guideline F, 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 is not required to pay off every debt in the SOR for security clearance eligibility. See ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008).

In the whole-person evaluation, Applicant demonstrated his commitment to his work with a defense contractor. His position was reclassified in July 2017 to bring his pay commensurate with the quality of his work. There is no evidence of any overreliance on consumer credit or frivolous spending that could compromise his financial situation in the future.

At the same time, he has a troubling history of not paying or stopping payments on legitimate obligations when he is either dissatisfied with the service or simply changes his mind. There is no clear indication that he would have resolved the collection and judgment debts had they not become an issue for his security clearance eligibility. Applicant cast some doubt on his judgment by not candidly disclosing his home mortgage delinquency or defaulted timeshare loan when he completed his SF 86. Applicant's financial irresponsibility is too recent for me to conclude that it is clearly consistent with the national interest to grant him security clearance eligibility.

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:

⁷ The factors under AG ¶ 2(d) 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.

Paragraph 1, Guideline F: AGAINST APPLICANT

Subparagraphs 1.a-1.g: For Applicant

Subparagraphs 1.h-1.i: Against Applicant

Conclusion

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

Elizabeth M. Matchinski
Administrative Judge