



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 17-01647

Appearances

For Government: Ross Hyams, Esquire, Department Counsel

For Applicant: *Pro se*

11/16/2018

Decision

GALES, Robert Robinson, Administrative Judge:

Applicant mitigated the security concerns regarding financial considerations. Eligibility for a security clearance is granted.

Statement of the Case

On March 7, 2016, Applicant applied for a security clearance and submitted an Electronic Questionnaire for Investigations Processing (e-QIP) version of a Security Clearance Application. On May 30, 2017, the Department of Defense (DOD) Consolidated Adjudications Facility (CAF) issued a Statement of Reasons (SOR) to him, under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended and modified; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended and modified (Directive); and the *Adjudicative Guidelines for Determining Eligibility For Access to Classified Information* (December 29, 2005) applicable to all adjudications and other determinations made under the Directive, effective September 1, 2006.¹

The SOR alleged security concerns under Guideline F (Financial Considerations), and detailed reasons why the DOD adjudicators were unable to find that it is clearly consistent with the national interest to grant or continue a security clearance for Applicant. The SOR recommended referral to an administrative judge to determine whether a clearance should be granted, continued, denied, or revoked.

Applicant received the SOR on June 17, 2017. In a notarized statement, dated June 26, 2017,² Applicant responded to the SOR and requested a hearing before an administrative judge. Department Counsel indicated the Government was prepared to proceed on September 6, 2017. The case was assigned to me on March 20, 2018. A Notice of Hearing was issued on August 28, 2018. I convened the hearing as scheduled on September 24, 2018.

During the hearing, Government exhibits (GE) 4 through GE 7, Applicant exhibit (AE) A, and Administrative exhibit I, were admitted into evidence without objection. Applicant testified. The transcript (Tr.) was received on October 2, 2018. I kept the record open to enable Applicant to supplement it. He took advantage of that opportunity and timely submitted additional documents, which were marked and admitted as AE B through AE H, without objection. The record closed on October 29, 2018.

Findings of Fact

In his Answer to the SOR, Applicant admitted with comments all of the factual allegations pertaining to financial considerations of the SOR (SOR ¶¶ 1.a. through 1.c.). Applicant's admissions and comments are incorporated herein as findings of fact. After a complete and thorough review of the evidence in the record, and upon due consideration of same, I make the following additional findings of fact:

Applicant is a 47-year-old employee of a defense contractor. He has been serving, initially as a laborer, then as a shipping and receiving clerk, but now as a service order dispatcher, with his employer since 2014. A 1989 high school graduate, Applicant received a bachelor's degree in 1998, plus a substantial number of credits towards a master's degree. He has never served with the U.S. military. He has never held a security clearance, but was granted a position of public trust on an unspecified date. Applicant was married in 2008, and informally separated in 2014. He has one child from that marriage, born in 2009, and two children from a prior relationship, born in 1998 and 2003.

¹ Effective June 8, 2017, by Directive 4 of the Security Executive Agent (SEAD 4), dated December 10, 2016, *National Security Adjudicative Guidelines* (AG) for all covered individuals who require initial or continued eligibility for access to classified information or eligibility to hold a sensitive position, were established to supersede all previously issued national security adjudicative criteria or guidelines. Accordingly, those guidelines previously implemented on September 1, 2006, under which this security clearance review case was initiated, no longer apply. In comparing the two versions, there is no substantial difference that might have a negative effect on Applicant in this case.

² The pre-printed form supplied to Applicant said the date was "2016," but that date was obviously in error.

Financial Considerations³

In 2003, Applicant's annual income was \$25,000. In 2004, it increased to \$31,000. In 2005, it plummeted to \$14,000. On September 1, 2005, after consulting with a credit counselor, Applicant filed for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code, listing \$7,556 in creditors holding secured claims; and \$105,437 in creditors holding unsecured nonpriority claims. At the time, his total monthly income was \$2,350, with \$3,183 in expected monthly expenses. Applicant's bankruptcy was discharged as a no-asset case on December 30, 2005.⁴ Applicant attributed those financial difficulties to several issues that initially arose in or about 2005: his fiancée moved out of state; to keep his family, by then, including a small child, together, after several months apart, in August 2000, he too decided to relocate; and it took several months for him to find employment. In 2004, after their second child was born, Applicant's fiancée had a change of heart, claiming she no longer liked the area where they were, and she decided to return to where her family resided. She took the two children, abandoned Applicant, and left town. Applicant remained there until 2006 when he relocated to another area within the state and was joined by the two children. The costs incurred by establishing both the initial and the next residence, the utility bills, babysitters, and the other normal monthly expenses were his responsibility because his fiancée's credit was "shot," and she was unemployed. Because of all the expenses that he had incurred, his only way out was to file for bankruptcy in 2005.⁵

In August 2006, Applicant obtained a position as an assistant office manager and billing specialist with a medical rehabilitation and medical specialist. He reconnected with a college friend whom he had known ten years earlier, and in 2008, they were married. Their child was born in 2009. There was nothing unusual about Applicant's finances at that point. He opened individual accounts with several entities, and financed the purchase of an automobile. In November 2013, Applicant's job was outsourced and he was terminated with a compensation package. His wife was already unemployed. Applicant's period of unemployment lasted until June 2014. Because of the stresses from the unemployment, as well as marital friction, Applicant's wife decided to leave, taking their child. Eventually, Applicant obtained a position as a laborer cutting grass. However, his financial situation suffered because he did not have sufficient funds to maintain his accounts in a current status. In an effort to rectify his financial situation, Applicant hired a financial counseling service, and he paid them approximately \$350 per month to assist him in resolving his delinquent debts. Unfortunately, over a period of two years, he noticed

³ General source information pertaining to the financial accounts discussed below can be found in the following exhibits: GE 1 (e-QIP, dated March 7, 2016); GE 2 (Personal Subject Interview, dated March 8, 2017); GE 3 (Combined Experian, TransUnion, and Equifax Credit Report, dated March 31, 2016); GE 4 (Equifax Credit Report, dated April 24, 2017); GE 5 (Chapter 7 Bankruptcy Petition, dated September 1, 2005); GE 6 (Chapter 13 Bankruptcy Petition, dated October 28, 2016); GE 7 (Chapter 13 Bankruptcy Petition, dated April 7, 2017); and Applicant's Answer to the SOR, dated June 26, 2017.

⁴ GE 5, *supra* note 3.

⁵ Tr. at 13-19.

that the bulk of his payments remained with the counseling service, and a small portion actually went to his creditors.⁶

Applicant completed credit counseling on October 28, 2016.⁷ That same day, without the benefit of an attorney, he filed for bankruptcy under Chapter 13 of the U.S. Bankruptcy Code, erroneously listing zero creditors holding secured claims; and zero creditors holding unsecured nonpriority claims, although he did list \$130,000 in student loans. At the time, his total monthly income was \$2,974, including salary as a night auditor at a motel, with \$2,460 in expected monthly expenses, leaving a monthly remainder of \$514.⁸ He failed to list the informal monthly child support of \$300 that he pays his wife.⁹ Because of Applicant's misunderstanding of the bankruptcy filing requirements, his failures to request a hearing, and his failure to pay the balance of the filing fee, on March 27, 2017, the case was dismissed.¹⁰

Confused by the bankruptcy process, Applicant engaged the services of an attorney to guide him thorough the process. On April 7, 2017, now legally represented, Applicant refiled for bankruptcy under Chapter 13 of the U.S. Bankruptcy Code, listing \$133,920 in creditors holding secured claims; and \$186,437 in creditors holding unsecured nonpriority claims. At the time, his total monthly income was \$3,391, with \$1,766 in expected monthly expenses, leaving a monthly remainder of \$1,625.¹¹

Under the bankruptcy payment plan, Applicant pays the trustee approximately \$1,644 per month for a period of five years. Applicant's statement of earnings and deductions issued by his employer reflects deductions to the bankruptcy trustee of \$413.75 per pay period, and as of October 19, 2018, he has paid the trustee \$17,377.50, year to date.¹² The trustee, in turn, is scheduled to make payments to various "long-term debts," and Applicant is to continue making payments for child support and deferred student loans.¹³ He has not missed any payments.¹⁴

Applicant acknowledges that he made several mistakes during his lifetime, and that it took him several tries to become responsible with his finances. He plans to do his

⁶ Tr. at 47-49.

⁷ AE G (Certificate of Counseling, dated October 28, 2016).

⁸ GE 6, *supra* note 3.

⁹ Tr. at 22.

¹⁰ GE 6, *supra* note 3; Tr. at 23-26.

¹¹ GE 7, *supra* note 3; AE F (Notice of Bankruptcy Case Filing, dated April 7, 2017).

¹² AE H (Statement of Earnings and Deductions, dated October 19, 2018); AE A (Statement of Earnings and Deductions, dated September 21, 2018).

¹³ AE E (Chapter 13 Plan, dated April 7, 2017).

¹⁴ Tr. at 35.

very best this time around to avoid making those mistakes again. During the entire bankruptcy and security clearance review processes, he has taken several steps to stay debt free by controlling his spending habits; obtaining financial counseling from a legitimate and credible source; following a budget plan created by a financial adviser; read a book entitled *Rich Dad/Poor Dad*; and by following tips on staying out of debt, how to spend money wisely, tracking your money better, and learning solutions to become debt free, by Dave Ramsey.¹⁵

Other than the debts listed in his bankruptcy, Applicant is not aware of any other delinquent accounts. He timely files and pays his federal and state income taxes. Applicant has made significant progress in stabilizing his finances and avoiding other more recent financial delinquencies. With the financial guidance received from a variety of sources, his embracing of fiscal responsibility, and the structured bankruptcy payment plan, Applicant's financial situation is now under control.

Character References

The office manager at Applicant's former medical-practice employer has known Applicant for more than ten years as a friend, employee, and colleague. Applicant is trustworthy, hard-working, respectful, punctual, caring and motivated. He would often stay late and work on weekends to ensure the practice was prepared for the upcoming week. He is also a loving father. Applicant is "a mature, imperfect man who strives to always do and be a better person than the previous day."¹⁶

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."¹⁷ 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. The President has authorized the Secretary of Defense or his designee to grant an applicant eligibility for access to classified information "only upon a finding that it is clearly consistent with the national interest to do so."¹⁸

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the guidelines in SEAD 4. In addition to brief introductory explanations for each guideline, the guidelines list potentially disqualifying

¹⁵ AE B (Statement, dated October 22, 2018); Tr. at 39-41.

¹⁶ AE D (Character Reference, dated October 1, 2018).

¹⁷ *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988).

¹⁸ Exec. Or. 10865, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended and modified.

conditions and mitigating conditions, which are used in evaluating an applicant's eligibility for access to classified information.

An administrative judge need not view the guidelines as inflexible, ironclad rules of law. Instead, acknowledging the complexities of human behavior, these guidelines are applied in conjunction with the factors listed in the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. 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 meaningful decision.

In the decision-making process, facts must be established by "substantial evidence."¹⁹ The Government initially has the burden of producing evidence to establish a potentially disqualifying condition under the Directive, and has the burden of establishing controverted facts alleged in the SOR. Once the Government has produced substantial evidence of a disqualifying condition, under Directive ¶ E3.1.15, the applicant has the burden of persuasion to present evidence in refutation, explanation, extenuation or mitigation, sufficient to overcome the doubts raised by the Government's case. The burden of disproving a mitigating condition never shifts to the Government.²⁰

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 as well. It is because of this special relationship that the Government must be able to repose a high degree of trust and confidence in those 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 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. Furthermore, "security clearance determinations should err, if they must, on the side of denials."²¹

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."²² Thus, nothing in this decision should be construed to suggest that I have based this decision, in whole or in part, on any express or implied determination as to Applicant's allegiance, loyalty, or

¹⁹ "Substantial evidence [is] such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all contrary evidence in the record." ISCR Case No. 04-11463 at 2 (App. Bd. Aug. 4, 2006) (citing Directive ¶ E3.1.32.1). "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).

²⁰ See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005).

²¹ *Egan*, 484 U.S. at 531.

²² See Exec. Or. 10865 § 7.

patriotism. It is merely an indication the Applicant has or has not met the strict guidelines the President and the Secretary of Defense have established for issuing a clearance. In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

Upon consideration of all the facts in evidence, including Applicant's testimony, as well as an assessment of Applicant's demeanor and credibility, and after application of all appropriate legal precepts and factors, I conclude the following with respect to the allegations set forth in the SOR:

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:

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

A number of Applicant's accounts became delinquent, and they were placed for collection. Unable to resolve them, Applicant filed for Chapter 7 bankruptcy in 2005, and his liabilities were discharged. Eventually, financial difficulties again arose when he was unable to resolve them without assistance. Without proper guidance, in 2016, Applicant filed for Chapter 13 bankruptcy, but that petition was dismissed. With legal guidance, he refiled for Chapter 13 bankruptcy in 2017. There is no evidence that he was unwilling to satisfy his debts or that he had the ability to do so, and there is no evidence of frivolous or irresponsible spending, or consistent spending beyond his means. AG ¶¶ 19(a) and 19(c) have been established, and AG ¶ 19(e) has been partially established. AG ¶ 19(b) has not been established.

The guideline also includes examples of conditions that could mitigate security concerns arising from financial difficulties 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;²³
- (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 individual has received or is receiving financial 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;²⁴ and

²³ A debt that became delinquent several years ago is still considered recent because "an applicant's ongoing, unpaid debts evidence a continuing course of conduct and, therefore, can be viewed as recent for purposes of the Guideline F mitigating conditions." ISCR Case No. 15-06532 at 3 (App. Bd. Feb. 16, 2017) (citing ISCR Case No. 15-01690 at 2 (App. Bd. Sep. 13, 2016)).

²⁴ The 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 [or statute of limitations]) in order to claim the benefit of [the "good-faith" mitigating condition].

(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.

I have concluded that ¶¶ 20(a), 20(b), 20(c), and 20(d) all partially or fully apply, and ¶ 20(e) does not apply. Applicant's financial difficulties initially arose because of his fiancée's – the mother of two of his children - actions. First she moved out of state; to keep his family together, after several months apart, in August 2000, he too decided to relocate; and it took several months for him to find employment. In 2004, after their second child was born, Applicant's fiancée had a change of heart, claiming she no longer liked the area where they were, and, taking the two children, she returned to where her family resided. Applicant remained there until 2006 when he relocated to another area within the state and was joined by the two children. The costs incurred by establishing both the initial and the next residence, the utility bills, babysitters, and the other normal monthly expenses were his responsibility because his fiancée's credit was "shot," and she was unemployed. Because of all the expenses that he had incurred, his only way out was to file for bankruptcy in 2005.

In August 2006, Applicant obtained a position with a medical rehabilitation and medical specialist. In 2008, he reconnected with an old friend, and they were married. He lost that job in November 2013. His wife was already unemployed. Applicant's period of unemployment lasted until June 2014. Because of the stresses from the unemployment, as well as marital friction, Applicant's wife decided to leave, taking their child. Eventually, Applicant obtained a position as a laborer cutting grass. However, he did not have sufficient funds to maintain his accounts in a current status. In an effort to rectify his financial situation, Applicant hired a financial counseling service, and he paid them to assist him in resolving his delinquent debts. Unfortunately, over a period of two years, he noticed that the bulk of his payments remained with the counseling service, and a small portion actually went to his creditors. In October 2016, without the benefit of an attorney, he filed for bankruptcy under Chapter 13 of the U.S. Bankruptcy Code. His petition was a mess, missing significant information. Because of Applicant's misunderstanding of the bankruptcy filing requirements, his failures to request a hearing, and his failure to pay the balance of the filing fee, in March 2017, the case was dismissed. Applicant engaged the services of an attorney to guide him thorough the process, and in April 2017, he refiled for bankruptcy under Chapter 13 of the U.S. Bankruptcy Code. Applicant pays the trustee approximately \$1,644 per month for a period of five years. As of October 19, 2018, he has paid the trustee \$17,377.50, year to date. He has not missed any payments.

Clearance decisions are aimed at evaluating an applicant's judgment, reliability, and trustworthiness. They are not a debt-collection procedure. The guidelines do not require an applicant to establish resolution of every debt or issue alleged in the SOR. An applicant needs only to establish a plan to resolve financial problems and take significant

(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)).

actions to implement the plan. There is no requirement that an applicant immediately resolve issues or make payments on all delinquent debts simultaneously, nor is there a requirement that the debts or issues alleged in an SOR be resolved first. Rather, a reasonable plan and concomitant conduct may provide for the payment of such debts, or resolution of such issues, one at a time.

Other than the debts listed in his bankruptcy, Applicant is not aware of any other delinquent accounts. He timely files and pays his federal and state income taxes. Applicant has made significant progress in stabilizing his finances and avoiding other more recent financial delinquencies. With the financial guidance received from a variety of sources, his embracing of fiscal responsibility, and the structured bankruptcy payment plan, Applicant's financial situation is now under control. Applicant's actions under the circumstances no longer cast doubt on his current reliability, trustworthiness, and good judgment.²⁵

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 SEAD 4, App. A, ¶ 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 SEAD 4, App. A, ¶ 2(c), the ultimate determination of whether to grant a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. Moreover, I have evaluated the various aspects of this case in light of the totality of the record evidence and have not merely performed a piecemeal analysis.²⁶

There is some evidence against mitigating Applicant's conduct. With a number of delinquent accounts, he filed for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code in 2005, and his liabilities were discharged that same year. In 2016, with new financial difficulties, he self-filed for bankruptcy under Chapter 13 of the U.S. Bankruptcy Code.

²⁵ See ISCR Case No. 09-08533 at 3-4 (App. Bd. Oct. 6, 2010).

²⁶ See *U.S. v. Bottone*, 365 F.2d 389, 392 (2d Cir. 1966); See also ISCR Case No. 03-22861 at 2-3 (App. Bd. Jun. 2, 2006).

That petition was dismissed in 2017 for failing to fulfill certain legal obligations. It was refiled with the assistance of an attorney in 2017.

The mitigating evidence under the whole-person concept is more substantial. Applicant is a 47-year-old employee of a defense contractor. He has been serving, initially as a laborer, then as a shipping and receiving clerk, but now as a service order dispatcher, with his employer since 2014. He has never held a security clearance, but was granted a position of public trust on an unspecified date. The office manager at Applicant's former medical-practice employer considers him to be trustworthy, hard-working, respectful, punctual, caring and motivated. Applicant is "a mature, imperfect man who strives to always do and be a better person than the previous day."

Because of the erratic actions of both his former unemployed fiancée, and years later his unemployed wife, both of whom chose to leave the family residences and subsequently relocate out of state, only to abandon him again, all of which caused unanticipated expenses for Applicant, his financial situation suffered. Unemployment only added to his struggles to remain current on his various accounts. Rather than avoiding his financial problems, he chose to confront them. It is significant that he chose to cut grass to earn a salary. First, there was costly and ineffective financial guidance. Then, there was his effort to seek Chapter 13 bankruptcy protection without the assistance of an attorney. Now, with the assistance of an attorney, Applicant is on a bankruptcy payment plan. In 2018, as of October 19, 2018, he has paid the trustee \$17,377.50, year to date. With the financial guidance received from a variety of sources, his embracing of fiscal responsibility, and the structured bankruptcy payment plan, Applicant's financial situation is now under control.

The Appeal Board has addressed a key element in the whole-person analysis in financial cases stating:²⁷

In evaluating Guideline F cases, the Board has previously noted that 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 [or she] has paid off each and every debt listed in the SOR. All that is required is that an applicant demonstrate that he [or she] has ". . . established a plan to resolve his [or her] 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 [or her] 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

²⁷ ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008) (internal citations omitted).

debts actually paid in furtherance of a reasonable debt plan be the ones listed in the SOR.

Applicant has demonstrated a good track record of debt reduction and elimination efforts, resolving some of his debts, limited only by insufficient funds, and complying with the bankruptcy trustee's decisions regarding the remaining debts for eventual resolution. Overall, the evidence leaves me without substantial questions and doubts as to Applicant's eligibility and suitability for a security clearance. For all of these reasons, I conclude Applicant has mitigated the security concerns arising from his financial considerations. See SEAD 4, App. A, ¶¶ 2(d)(1) through AG 2(d)(9).

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

Subparagraphs 1.a. through 1.c.: For Applicant

Conclusion

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

ROBERT ROBINSON GALES
Administrative Judge