



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



In the matter of:

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ISCR Case No. 17-01917

Applicant for Security Clearance

Appearances

For Government: Carroll J. Connelley, Esq., Department Counsel
For Applicant: Thomas Albin, Esq.

02/22/2018

Decision

MATCHINSKI, Elizabeth M., Administrative Judge:

Applicant defaulted on a mortgage loan for a rental property after he lost his job for medically-related excessive absenteeism. A Chapter 7 bankruptcy is pending, primarily to discharge his repayment liability for any deficiency balance on the mortgage loan after foreclosure. In January 2017, Applicant satisfied in full a judgment awarded a cleaning contractor. In July 2017, he paid a medical collection debt that he had overlooked. Applicant's financial situation has stabilized. Clearance is granted.

Statement of the Case

On June 16, 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 National Security Adjudicative

Guidelines (AG) effective June 8, 2017, for all adjudications for national security eligibility or eligibility to hold a sensitive position.

Applicant answered the SOR on July 6, 2017, and requested 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.

At the hearing, four Government exhibits (GEs 1-4) and 12 Applicant exhibits (AEs A-L) were admitted in evidence. Applicant testified, as reflected in a transcript (Tr.) received on November 29, 2017. Applicant indicated that he had a bankruptcy petition pending filing, and Applicant's counsel requested the opportunity to submit documentation of a filing if it occurred before I made a decision on Applicant's security clearance eligibility. I advised counsel that he could move to reopen the record in the event of a bankruptcy filing.

On January 30, 2018, Applicant submitted through counsel AEs M and N, which were accepted in the record without any objections from the Government. On February 1, 2018, I requested clarification of some information about Applicant's bankruptcy filing after reviewing AE N. On February 12, 2018, Applicant's counsel submitted some email correspondence between Applicant and his bankruptcy attorney. On February 15, 2018, Department Counsel expressed no objection to inclusion of the email in the record. Accordingly, I admitted the email correspondence in evidence as AE O.

Summary of SOR Allegations

The SOR alleges under Guideline F that, as of June 16, 2017, Applicant was indebted on a mortgage loan in foreclosure with a balance of \$158,865 (\$45,712 past due) (SOR ¶ 1.a); on a medical collection debt for \$298 (SOR ¶ 1.b); and on a \$3,109 judgment filed in 2016 (SOR ¶ 1.c). When he responded to the SOR allegations in July 2017, Applicant admitted the debts but indicated that the medical debt was in repayment and the judgment debt was paid in January 2017.

Findings of Fact

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

Applicant is 32 years old, married, and has a four-year-old son. He applied for security clearance eligibility in February 2016 for defense-contractor employment that he started in October 2016. Applicant was laid off from his job because of the issuance of the SOR, although the defense contractor is still sponsoring him for security clearance eligibility. Applicant's recall depends on a favorable adjudication, and he would like the opportunity to return to work for the company. (GE 1; Tr. 11, 23-24, 33-34.)

Applicant graduated from high school in June 2003. In August 2003, he began working at a local casino full time. Two years later, he transferred to table games, where he held a state gaming license and handled large amounts of money with no problems. Additionally, he held part-time employment in real estate from February 2007 to February 2009, but it was not a reliable source of income for him. He owned and operated a mobile disc jockey business from February 2009 until December 2012. He ended that business because it generated little income. (GEs 1-2; Tr. 32.)

Applicant and his spouse married in May 2009. In October 2009, Applicant purchased a duplex property as a residence for him and his spouse with the other unit to provide rental income for them. He obtained a 30-year mortgage of \$174,775 (SOR ¶ 1.a) with repayment at approximately \$1,605 per month. (GEs 1, 3.)

Applicant started making wine as a hobby, and he cultivated grapes on his grandmother's property. (Tr. 41-42.) In March 2014, Applicant bought a tractor with an agricultural loan of \$18,209 with repayment at \$307 monthly for six years. (GE 3.) In November 2014, Applicant purchased his current residence, a single-family property next door to his grandmother. Applicant obtained a mortgage, which had a balance of \$97,709 and was being repaid at \$528 per month as of June 2016. (AE D.) Applicant kept the duplex as a rental property, and he had longterm tenants in the other unit. The unit that he and his spouse had vacated stood empty for approximately four months. Applicant testified that approximately one month after those premises were rented out, his longterm tenants in the other unit told him that they were moving to another town. (Tr. 43.) A lease termination agreement signed by those tenants in January 2016 indicates that they did not move out until late January 2016, however. (AE F.) Applicant lost almost \$1,000 in monthly rental income that he had relied on to pay the mortgage for the property. (Tr. 41-44.)

Certified for medical leave by his physician in June 2014, Applicant struggled in 2015 to manage his chronic medical condition first diagnosed at age 15. (AE J; Tr. 25-26.) His then employer approved his intermittent medical leave as without pay. He was on uncompensated medical leave several days each month from January 2015 through mid-May 2016, before a change in his medication led to almost immediate control of his illness. (AE I; Tr. 28-30.)

Applicant's spouse has been employed by the casino since 2010. As a part-time employee, she is able to work different shifts. Her income as a cocktail waitress is largely dependent on tips. (AE C; Tr. 59.) Applicant and his spouse began to struggle financially in approximately September 2015. He stopped paying his mortgage for the duplex after October 2015. As of January 2016, his loan was \$10,060 past due. He was making timely payments on his credit card accounts. (GE 3.)

In February 2016, Applicant accepted a job offer from a defense contractor for a start date in late May 2016. (Tr. 24.) On February 25, 2016, he completed and certified to the accuracy of a Questionnaire for National Security Positions (SF 86). In response to inquiries concerning delinquency involving routine accounts, Applicant indicated that he had an oil heating bill of \$350 and an electric bill of \$1,000 placed for collection before he

paid them in January 2016 and July 2015, respectively. He disclosed his mortgage delinquency on the duplex and indicated that he was four months past due because of unexpected alternating vacancies in the property, as well as financial strain due to a large vet bill of \$3,000 that he paid. Applicant explained that the duplex property was not in danger of foreclosure because he was in the process of taking a hardship withdrawal from his 401(k) to bring the loan current. He indicated that the duplex was fully rented with tenants "with 1 + year leases."¹ (GE 1.)

Applicant did not want to lose his rental property to foreclosure, but he had very few options. In March 2016, his mortgage servicer wanted \$11,755 to reinstate his loan. (AE G.) Applicant was allowed to withdraw only \$7,265 from his 401(k), and he could not come up with the difference. (GE 2; AE H; Tr. 39-40.) Applicant discussed possible options with a co-worker, who gave him contact information for a bankruptcy attorney. (Tr. 72.)

On May 22, 2016, despite his approved medical leave, Applicant was terminated from his employment at the casino for violating its absenteeism policy in that he had at least nine absence/lateness occurrences in the last 12 months. (AE E.) Applicant's start date with the defense contractor was delayed due to no fault of his own. Applicant collected unemployment compensation of approximately \$1,500 a month throughout the summer. (AE D; Tr. 24-25.) The funds withdrawn from his 401(k) were used to cover expenses while he was unemployed. (Tr. 41.)

On June 28, 2016, Applicant completed paperwork under the Making Home Affordable Program to modify the mortgage loan on the duplex for reasons of medical hardship (loss of job after missing 85 days of work). He indicated at that time that he had one tenant in the property at a monthly rent of \$950 since March 2016 and that he was screening tenants for the other half of the duplex "vacant since 04/2016." He listed household assets of \$314,500 (\$303,000 in real estate) and monthly expenses totaling \$2,287, which included \$537 in monthly credit card payments. He reported monthly household income of \$5,340 based on full rental of his income property. When he submitted the paperwork on August 1, 2016, Applicant indicated that the mortgage became more difficult to afford "around September of 2015, after a brief period of vacancy." However, he also indicated that the property was rented most of the time. (AE D.) Applicant was unable to obtain a modification. His loan servicer claimed that he was missing documents that he had already provided. After he resubmitted paperwork, he was told that it was not readable. (Tr. 38-39.)

In September 2016, a \$3,109 judgment was entered against Applicant (SOR ¶ 1.c). Applicant had retained cleaning services following a septic issue in the laundry area of his rental property. Applicant received assurances from his home insurance provider that the cleaning cost would be covered, and he authorized the work without knowing the cost. The insurance company then refused to cover the cleaning after learning that it was for a rental property rather than his primary residence. Applicant failed to make his first monthly payment of \$300 on the judgment because of high utility bills at home. He advised the judgment creditor that he could borrow the funds from his mother to make his first

¹ Applicant testified discrepantly that "the other half never got rented out." (Tr. 45.)

payment. The creditor responded by obtaining a judgment lien against Applicant's home in November 2016. Applicant satisfied the judgment in January 2017, and the lien was released. (GE 4; AEs C, L; Tr. 35, 47-50.) His parents gave him some money (GE 4), and he sold some of his personal items to pay the judgment debt. (Tr. 51.)

Applicant began his defense contractor employment in mid-October 2016 at \$18 an hour, which was less than the \$22 to \$23 an hour he had earned at the casino. (Tr. 23-24, 58, 66.) On February 16, 2017, Applicant was interviewed by an authorized investigator for the Office of Personnel Management (OPM). He explained that he became delinquent on the mortgage loan for his rental property in early 2016 because the property had been vacant for four months, and he could not afford to pay two mortgages. Applicant indicated that he owed \$158,000 on the mortgage, and the home was valued at \$135,000 to \$145,000. He was having difficulty dealing with the loan servicer for a loan modification. He was not certain what he should do about the mortgage. He feared foreclosure would affect his security clearance eligibility as he had been told by co-workers that a bankruptcy would result in denial of a security clearance. Applicant asserted that he was otherwise current on his debt obligations. He indicated that the financial problem with the mortgage loan on his rental property was not likely to recur because he had no intention of obtaining any additional rental property. (GE 4.) Both units were vacant in the spring of 2017, but by then Applicant saw foreclosure as inevitable, so he stopped looking for tenants. (Tr. 45.)

As of March 2017, Applicant was \$45,712 past due on the mortgage loan for the rental premises. His loan balance was \$158,865. In April 2017, he was \$307 (one payment) past due on his tractor loan obtained in March 2014 for \$18,209 and \$1,373 past due on \$25,604 in debt on four credit cards.² He owed a \$298 medical debt in collection (SOR ¶ 1.b). (GE 4.) Applicant had overlooked the medical debt, which was for his son's care. (Tr. 53.) He paid off the medical debt in two installments in July 2017. (AE A.) Applicant's credit report had not been updated to reflect the paid status of the \$3,109 judgment. (GE 4.)

Applicant underpaid his state income taxes by \$600 and his federal income taxes by \$1,300 for tax year 2016 because of the increased taxes resulting from his withdrawal of \$7,000 in 401(k) funds. He paid his state tax debt when he filed his return for tax year 2016 in 2017. As of November 2017, he was repaying his federal tax debt at \$100 a month. (Tr. 71-72.)

In April 2017, the mortgagee on Applicant's rental property obtained a notice of judgment of strict foreclosure for \$188,520, of which \$184,845 was owed on the loan. The property was assessed at \$100,000. (AE M.) 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

² Applicant owed \$37,812 on eight credit card accounts, but only four listed past-due balances. He was \$416 past due with no payments after December 2016 on a credit card account with a \$10,600 balance; \$338 past due with no payments after January 2017 on a credit card account with an \$8,257 balance; \$434 past due with no payments after December 2016 on a credit card account with a \$4,193 balance; and \$185 past due on a credit card with a \$2,554 balance. (GE 4.) The debts were not alleged in the SOR, so they cannot be considered as a basis for disqualification.

satisfied the conditions of the mortgage by the “Law Day,” which was set for June 20, 2017.³ Applicant did not satisfy the mortgage, and he lost the property to foreclosure for his failure to make his monthly mortgage payments for well over a year.⁴ (Tr. 35-36, 66-67, 74.) Applicant understood that the mortgagee filed for a deficiency judgment (Tr. 35), but it was still pending as of November 2017. Applicant consulted with a bankruptcy attorney about filing for bankruptcy. (Tr. 73-74.)

Applicant was laid off by the defense contractor in June 2017 because of the issuance of the SOR. He was unemployed until August 21, 2017, when he began working as a quality assurance inspector involved in aerospace parts, distribution, and remanufacture. His currently hourly wage is \$22. (AE B; Tr. 32-33.) Applicant paid his bankruptcy attorney’s retainer fee, and over the next two months, Applicant gathered the paperwork necessary for a joint Chapter 7 bankruptcy with his spouse. As of his security clearance hearing in mid-November 2017, Applicant had completed the financial counseling required for a bankruptcy filing. (Tr. 63.) His and his spouse’s joint Chapter 7 bankruptcy petition had been prepared, but had not yet been filed. (Tr. 68, 77.) Applicant explained that their bankruptcy petition should have been filed in late October 2017, but he made two revisions to the draft. (Tr. 66-68.)

As expected, Applicant and his spouse filed their Chapter 7 bankruptcy petition in late November 2017. (AE N.) Applicant testified that, on the advice of their bankruptcy attorney, they included their credit card debts totaling approximately \$35,000. (Tr. 66-68.) Available evidence about their unsecured claims is limited, although it shows that Applicant and his spouse listed the mortgagee for the rental property as a contingent, disputed claim for \$1.00. (AE N.) Applicant’s bankruptcy attorney expects Applicant to obtain a bankruptcy discharge shortly after the March 6, 2018 deadline for objections to a bankruptcy discharge or discharge of a certain debt. In the event of a bankruptcy discharge under Chapter 7, Applicant will no longer be legally liable to repay any deficiency balance on the mortgage for the foreclosed property. (AE O.)

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

³Pertinent 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.

⁴ Available credit information shows discrepant dates of October 2015 (GE 3) and July 2015 (GE 4) for last activity on the account.

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 delinquency. Applicant stopped paying on a mortgage loan in 2015 (SOR ¶ 1.a). In September 2016, a cleaning contractor filed for a \$3,109 judgment against Applicant, and a judgment lien was issued in November 2016 (SOR ¶ 1.c). In January 2017, a medical provider placed a \$298 debt from September 2016 for collection (SOR ¶ 1.b). Disqualifying conditions AG ¶ 19(a), "inability or unwillingness to satisfy debts," and AG ¶ 19(c), "a history of not meeting financial obligations," apply.

Under AG ¶ 20, financial delinquency may be mitigated under one or more of the following conditions:

- (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.

Applicant's financial problems are too recent for mitigation under AG ¶ 20(a). AG ¶ 20(b) applies in that Applicant had uncompensated lost time at work throughout 2015 and into 2016 while he was struggling to gain control over his chronic medical illness. He also had tenant vacancies over which he had no control, although he knowingly took the risk that one or both of his rental units could be unoccupied at any given time. He knew that in the event of a vacancy, he would have to cover part or all of the mortgage payment. Furthermore, the loss of rental income was not shown to have the primary cause of his mortgage delinquency. Applicant testified that after he and his spouse moved out of the duplex in November 2014, their unit was vacant for about four months, and that approximately one month after he had that unit rented, his longtime tenants in the other unit told him they were moving. The lease termination agreement for those tenants indicates that they did not vacate the premises until late January 2016, several months after Applicant defaulted on the mortgage loan. Both units were reportedly rented out by the time he completed his February 2016 SF 86. On June 2016 paperwork prepared for a possible modification of his defaulted loan on the duplex, Applicant indicated that one unit had been vacant since April 2016. When he submitted the paperwork on August 1, 2016, Applicant indicated that the mortgage became more difficult to afford "around September of 2015, after a brief period of vacancy." However, he also indicated that the property was rented most of the time. Both units were vacant in the spring of 2017, but by then Applicant saw foreclosure as inevitable, so he stopped looking for tenants.

AG ¶ 20(b) requires that an individual act responsibly under the circumstances. Applicant deserves some credit for trying to resolve his mortgage delinquency by legal means well before the SOR was issued. He contacted his mortgage servicer in March 2016, but the company wanted \$11,755 to reinstate his loan, and Applicant could only withdraw \$7,265 from his 401(k). He submitted paperwork in early August 2016 in an unsuccessful attempt to modify his mortgage. It is difficult to see what else Applicant could have done short of taking on more debt to resolve his mortgage delinquency. Applicant did not act financially responsibly with regard to the judgment awarded the cleaning contractor (SOR ¶ 1.c), however. Applicant asserts that he was told by his home insurer that the septic issue would be covered. Whether he failed to make clear that the problem was at his rental property or he was given erroneous advice, it was not financially prudent for him to contract for services without knowing the cost. He missed the first payment due on the judgment, which resulted in a lien being placed against his home. However, he resolved the judgment and had the lien released in January 2017.

AG ¶ 20(c) and AG ¶ 20(d) partially apply because of Applicant's satisfaction of the judgment debt in January 2017 and the medical collection debt in July 2017. Although he made some good-faith attempts to resolve his mortgage delinquency in 2016 that could implicate AG ¶ 20(d), he had no success in averting foreclosure. As of November 2017, the mortgagee had filed for a deficiency balance of \$80,000 to \$85,000 on his loan. Recent bankruptcy record documentation shows that he has a Chapter 7 bankruptcy pending discharge, which, if granted, would relieve him of legal liability for repayment of any

deficiency balance on the defaulted loan. At this juncture, there is no firm evidence of a deficiency judgment award. His bankruptcy attorney does not see any impediment to a bankruptcy discharge, which would implicate AG ¶ 20(c) in that the debt is no longer a source of financial pressure for him. At the same time, a Chapter 7 bankruptcy is not a substitute for a track record of payments. AG ¶ 20(d) has only minimal applicability to his serious mortgage delinquency.

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).⁵ 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 knowingly accepted the risk of having to cover all or a portion on the mortgage for the duplex if either or both units were unrented. At the same time, his struggle with his medical condition, which led to lost income and eventually cost him his job at the casino, was neither chosen nor desired.

The evidence shows that Applicant relied significantly on consumer credit over the years. While he had paid off and closed some credit card accounts, he owed outstanding balances totaling \$37,812 on eight accounts as of April or May 2017. He was 90 days past due on two credit cards in April 2017, before he reportedly consulted with a bankruptcy attorney. When asked about those debts at his hearing, Applicant indicated that he had never been late "until all of these things started snowballing." He explained that he would have paid his accrued debts, but he was told to include them in his bankruptcy.

A Chapter 7 bankruptcy discharge affords Applicant a financial fresh start without the pressures of significant delinquent debt. While a legal remedy, it does not carry the same weight in mitigation as a track record of good-faith repayment of debts. Nevertheless, on the issue of whether his financial problems are likely to recur, Applicant did not wait for a final decision on his security clearance eligibility to secure employment needed to support his family. He indicated that he is in a better financial situation now with his full-time pay at \$22 an hour and not having to concern himself with rental vacancies. Available credit information corroborates that, with limited exception, he had been current on his

⁵ 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.

credit card payments before late 2016. His financial problems appear to have been situational and not borne of a cavalier attitude toward his financial responsibilities. Taking into account the extenuating facts and circumstances surrounding Applicant's delinquencies, and his efforts to address them, I find that it is clearly consistent with the national interest to grant Applicant security clearance eligibility. This decision is not to be construed as in any way condoning his months of disregard of his mortgage loan on the duplex and his failure to keep his credit cards current, but I am persuaded that the situation will not recur.

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-1.c: For Applicant

Conclusion

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

Elizabeth M. Matchinski
Administrative Judge