



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



In the matter of:

-----

Applicant for Security Clearance

)  
)  
)  
)  
)  
)

ISCR Case No. 14-04874

**Appearances**

For Government: Robert J. Kilmartin, Esquire, Department Counsel  
For Applicant: *Pro se*

07/28/2015

**Decision**

GALES, Robert Robinson, Administrative Judge:

Applicant failed to mitigate the security concerns regarding financial considerations. Eligibility for a security clearance and access to classified information is denied.

**Statement of the Case**

On October 23, 2013, Applicant applied for a security clearance and submitted an Electronic Questionnaire for Investigations Processing (e-QIP) version of a Security Clearance Application.<sup>1</sup> On October 28, 2014, the Department of Defense (DOD) Consolidated Adjudications Facility (CAF) issued a Statement of Reasons (SOR) to her, pursuant to Executive Order 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) (AG) applicable to all adjudications and other determinations made under the Directive, effective

<sup>1</sup> Item 2 (e-QIP, dated October 23, 2013).

September 1, 2006. The SOR alleged security concerns under Guidelines F (Financial Considerations) and E (Personal Conduct), and detailed reasons why the DOD CAF was unable to make an affirmative finding under the Directive 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.<sup>2</sup>

It is unclear when Applicant received the initial version of the SOR as there is no receipt in the case file. In an undated statement, Applicant responded to the SOR allegations. On December 4, 2014, she elected to have her case decided on the written record in lieu of a hearing. On December 31, 2014, by e-mail, Applicant reaffirmed her earlier responses to the allegations in the initial SOR. A complete copy of the Government's file of relevant material (FORM) was mailed to Applicant on April 22, 2015, and she was afforded an opportunity, within a period of 30 days after receipt of the FORM, to file objections and submit material in refutation, extenuation, or mitigation. In addition to the FORM, Applicant was furnished a copy of the Directive as well as the Guidelines applicable to her case. Applicant received the FORM on May 15, 2015. A response was due by June 14, 2015. On June 2, 2015, Applicant submitted information and documentation which addressed the allegations. The case was assigned to me on June 19, 2015.

### **Findings of Fact**

In her Answer to the SOR, Applicant admitted all of the factual allegations pertaining to financial considerations and personal conduct in the SOR (§§ 1.a. through 1.q., and 2.a.). Applicant's admissions 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 44-year-old employee of a defense contractor. She has been serving as a logistics management analyst with her current employer since October 2011.<sup>3</sup> She has also served in the U.S. Army Reserve since March 2009.<sup>4</sup> Applicant was born in the Philippines, and she was raised and educated there until she immigrated to the United States in November 2008.<sup>5</sup> A 1986 high school graduate, with a bachelor's degree in an unspecified discipline in 1993, Applicant also earned graduate credits at a U.S. university towards her master's degree, but has not earned such a degree.<sup>6</sup> Applicant's marital status is somewhat unclear. While Applicant reported in

---

<sup>2</sup> There was apparently some issue regarding a garbled initial version of the SOR that was issued wherein the lettered subparagraphs were either not sequential, missing, or duplicates. Upon being notified of the issues, another corrected version of the SOR was issued to Applicant on December 20, 2014. The subsequent version of the SOR still contains an error with ¶ 2.a. referring to ¶ 1.p. instead of ¶ 1.q. See Item 1 (e-mail, dated December 20, 2014). The initial version of the SOR, along with Applicant's initial Responses to that version, are in the case file.

<sup>3</sup> Item 2, *supra* note 1, at 13.

<sup>4</sup> Item 2, *supra* note 1, at 20-21.

<sup>5</sup> Item 2, *supra* note 1, at 5-7. Applicant became a naturalized U.S. citizen in March 2010. See Item 2, at 7.

her e-QIP that she has never been married,<sup>7</sup> during her January 2014 interview with an investigator from the U.S. Office of Personnel Management (OPM), she claimed her status was that of a “housewife” at least during a portion of 2006.<sup>8</sup> She has been residing with a cohabitant since March 2013.<sup>9</sup> Applicant has two sons (born in 1992 and 2004).<sup>10</sup>

## Financial Considerations

Applicant was unemployed from the time she entered the United States as a resident alien awaiting her permanent resident “Green Card” in 2008 until March 2009. She was briefly unemployed again from July 2009 until August 2009 while awaiting induction into the U.S. military.<sup>11</sup> During the period November 2008 until August 2010, she and her two sons resided with Applicant’s sister.<sup>12</sup> When she and her sons moved to her own residence in August 2010, her unemployed mother also moved with them.<sup>13</sup> During her periods of unemployment, Applicant received unemployment compensation and supplemental benefits.<sup>14</sup> It is unclear when Applicant first experienced financial difficulties, but she attributed them as follows:

My 2 kids plus my unemployed mom were under my care. Juggling rent payments, insurances, every day expenses, school, etc., took its toll and living in [an expensive geographical area] did not make it any better. Even with my income at that time, it was not enough. I ended up making debt to pay for debt.<sup>15</sup>

The SOR identified 16 purportedly continuing delinquent accounts, totaling approximately \$39,324, which had been placed for collection or charged off. Those debts and their respective current status, according to an Equifax credit report,<sup>16</sup> Applicant’s comments to the OPM investigator, and her Answer to the SOR, are described as follows:

---

<sup>6</sup> Item 3 (Personal Subject Interview, dated January 9, 2014), at 2; Item 2, *supra* note 1, at 11-12.

<sup>7</sup> Item 2, *supra* note 1, at 22.

<sup>8</sup> Item 3 (Personal Subject Interview, dated January 9, 2014), 3.

<sup>9</sup> Item 2, *supra* note 1, at 23.

<sup>10</sup> Item 2, *supra* note 1, at 26-27.

<sup>11</sup> Item 2, *supra* note 1, at 15-17; Item 3, *supra* note 6, at 3.

<sup>12</sup> Item 2, *supra* note 1, at 10; Item 1 (Applicant’s Answer to the SOR, undated), at 1.

<sup>13</sup> Item 1 (Applicant’s Answer to the SOR), *supra* note 12, at 1.

<sup>14</sup> Item 3, *supra* note 6, at 5.

<sup>15</sup> Item 1 (Applicant’s Answer to the SOR), *supra* note 12, at 1.

<sup>16</sup> Item 4 (Equifax Credit Report, dated October 2, 2014).

SOR ¶ 1.a. – There was an overpayment of unemployment and supplemental benefits in the approximate amount of \$7,700 that occurred when Applicant failed to report increased income. She made no effort to resolve the debt. A state income tax refund was intercepted, and on March 10, 2015, \$534 was applied to the outstanding balance.<sup>17</sup> On March 11, 2015, the Internal Revenue Service (IRS) applied \$383.59 from Applicant's 2014 income tax refund to the outstanding balance.<sup>18</sup> On an unspecified date, Applicant apparently entered into a repayment arrangement with the state, and she commenced making payments of \$51.15, including a \$1.15 convenience fee, on May 14, 2015. She has made two additional identical payments that same month.<sup>19</sup> There is limited progress towards debt resolution.

SOR ¶ 1.b. – There is a delinquent federal income tax balance for the tax year 2012 in the amount of approximately \$2,000. She made no effort to resolve the debt. On March 23, 2015, the IRS applied \$2,387.08 from Applicant's 2014 income tax refund to pay off the tax owed for 2012.<sup>20</sup> The account has been resolved.

SOR ¶¶ 1.e., 1.q., and 2.a. – There was a corporate credit card used for business expenses with an unpaid balance of approximately \$4,123 that Applicant was unable to pay off after she was reimbursed for her travel. Applicant made two payments towards the debt, but both payments were returned for insufficient funds. She agreed to settle the debt and made another payment, but that payment was also returned for insufficient funds in August 2013. The account was charged off.<sup>21</sup> She made no subsequent timely effort to resolve the debt. On April 6, 2015, Applicant agreed to a payroll deduction authorization agreement for the repayment of charges to the company credit card. She authorized that \$500 be automatically deducted from her wages each pay period until the balance due was fully repaid. While there is no documentation to indicate that any payments have actually been made, it appears that there is limited progress towards debt resolution.

SOR ¶¶ 1.d., 1.f., and 1.g. – There are two credit card accounts and a personal loan account with the same credit union with unpaid balances of \$4,957, \$2,964, and \$2,820 that were charged off.<sup>22</sup> She made no effort to resolve the debts. On May 2, 2015, Applicant was offered several settlement offers by the creditor, and she agreed to repay the balances with monthly minimum payments.<sup>23</sup> On June 12, 2015, she made

---

<sup>17</sup> Item 3, *supra* note 6, at 5; Notice of Intercepted Funds, dated March 10, 2015, attached to Applicant's Response to the FORM.

<sup>18</sup> IRS Notice, dated March 11, 2015, attached to Applicant's Response to the FORM.

<sup>19</sup> Official Payment Confirmation, various dates, attached to Applicant's Response to the FORM.

<sup>20</sup> IRS Notice, dated March 23, 2015, attached to Applicant's Response to the FORM. Although it was not alleged in the SOR, Applicant apparently also had a delinquent federal income tax balance for the tax year 2013 in the amount of \$2,387.08. The IRS applied that amount from the 2014 refund to pay off the tax owed for 2013.

<sup>21</sup> Item 4, *supra* note 16, at 1; Item 3, *supra* note 6, at 6.

<sup>22</sup> Item 4, *supra* note 16, at 1-2.

<sup>23</sup> Letters, dated May 2, 2015, attached to Applicant's Response to the FORM.

her first agreed-upon payments of \$29.31, \$28.02, and \$49.52.<sup>24</sup> There is limited progress towards debt resolution.

SOR ¶¶ 1.c., and 1.h. through 1.p. – There are a number of other accounts consisting of student loans (\$8,527 and \$310), credit cards (\$1,918; \$1,082; \$380; \$1,015; and \$126), charge accounts (\$513), and utility accounts (\$761; and \$128) in varying amounts that were placed for collection, charged off, transferred, or sold to other collection agents.<sup>25</sup> Applicant offered no evidence to indicate that she made any efforts to contact her creditors or resolve those delinquent accounts. The accounts have not been resolved.

Applicant claimed to be utilizing, or seeking assistance from, a credit counseling service or other similar resource to assist her in resolving her financial difficulties.<sup>26</sup> That company purportedly furnished her the names of debt consolidation companies.<sup>27</sup> She did not furnish any documentation to support her contention that she has received financial counseling or that she commenced any efforts regarding debt consolidation.

During her OPM interview in January 2014, Applicant presented a verbal personal financial statement. Her net monthly income was \$2,300; her monthly household expenses totaled \$2,150; and her monthly debt expenses were \$950, leaving her with a monthly deficit of minus \$800.<sup>28</sup> She explained that she was not living within her means because she was borrowing money from creditors to pay her previous debts.<sup>29</sup> She hoped to reduce her spending, and intended to resolve her delinquent debts by the end of 2015. Nevertheless, as recently as her response to the FORM, Applicant offered little evidence to indicate that her financial problems are now under control.

## 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.”<sup>30</sup> 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

---

<sup>24</sup> Checks, dated June 12, 2015, attached to Applicant’s Response to the FORM.

<sup>25</sup> Item 4, *supra* note 16, at 1-2; Item 3, *supra* note 6, at 7-8.

<sup>26</sup> Item 2, *supra* note 1, at 43.

<sup>27</sup> Item 2, *supra* note 1, at 44.

<sup>28</sup> Item 3, *supra* note 6, at 8.

<sup>29</sup> Item 3, *supra* note 6, at 8.

<sup>30</sup> *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988).

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.”<sup>31</sup>

When evaluating an applicant’s suitability for a security clearance, the administrative judge must consider the AG. In addition to brief introductory explanations for each guideline, the AG list potentially disqualifying 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.”<sup>32</sup> 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.<sup>33</sup>

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.”<sup>34</sup>

---

<sup>31</sup> Exec. Or. 10865, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended and modified.

<sup>32</sup> “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 (4<sup>th</sup> Cir. 1994).

<sup>33</sup> *See* ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005).

<sup>34</sup> *Egan*, 484 U.S. at 531.

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.”<sup>35</sup> 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 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.

## **Analysis**

### **Guideline F, Financial Considerations**

The security concern relating to the guideline for Financial Considerations is set out in AG ¶ 18:

Failure or inability 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 information. An individual who is financially overextended is at risk of having to engage in illegal acts to generate funds. . . .

The guideline notes several conditions that could raise security concerns. Under AG ¶ 19(a), an “inability or unwillingness to satisfy debts” is potentially disqualifying. Similarly, under AG ¶ 19(c), “a history of not meeting financial obligations” may raise security concerns. Applicant has had a long-standing problem with her finances which started as early as 2008 when she entered the United States as a resident alien. Although she obtained her present position in October 2011, she was not living within her means. She found herself juggling her financial resources to try to cover everyday life expenses, but ended up borrowing money from creditors to pay other creditors. Even with the overpayment of unemployment and supplemental benefits by the state; her failure to reimburse her employer for the use of her company credit card; and her initial failure to pay her federal income taxes, she had insufficient funds to continue making her routine monthly payments. Various accounts became delinquent, and were placed for collection and charged off. AG ¶¶ 19(a) and 19(c) apply.

The guideline also includes examples of conditions that could mitigate security concerns arising from financial difficulties. Under AG ¶ 20(a), the disqualifying condition may be mitigated where “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.” Also, under AG

---

<sup>35</sup> See Exec. Or. 10865 § 7.

¶ 20(b), financial security concerns may be mitigated where “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, or a death, divorce or separation), and the individual acted responsibly under the circumstances.” Evidence that “the person has received or is receiving counseling for the problem and/or there are clear indications that the problem is being resolved or is under control” is potentially mitigating under AG ¶ 20(c). Similarly, AG ¶ 20(d) applies where the evidence shows “the individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.”<sup>36</sup>

AG ¶¶ 20(a), 20(c), and 20(d) do not apply. AG ¶ 20(b) minimally applies. The nature, frequency, and recency of Applicant’s continuing financial difficulties since about 2008 make it difficult to conclude that it occurred “so long ago” or “was so infrequent.” Applicant attributed her financial problems to a general juggling of her financial resources to try to cover everyday life expenses, which was not successful. Other than her comments about supporting her mother and two sons, she offered no specifics as to why she was spending more than what she was earning. There is no evidence that Applicant took any steps to contact most of her creditors in an effort to resolve her debts. Instead, it appears that her creditors initiated the first steps to resolve the accounts. The state and the IRS intercepted income tax refunds to apply to her overpayment of unemployment and supplemental benefits and unpaid income tax. After Applicant made three payments in 2013 regarding her corporate credit card, all of which were returned due to insufficient funds, in 2015 her employer obtained a payroll deduction authorization agreement from her. In June 2015 – nearly eight months after the SOR was issued – Applicant finally made her first agreed-upon payments of \$29.31, \$28.02, and \$49.52 to her credit union for three delinquent accounts with a combined balance of \$10,741. Applicant has offered no documentary evidence of a good-faith effort to resolve any of her other delinquent debts. She essentially ignored them, and seemingly continues to do so.

Other than her own unsubstantiated written comments, there is no evidence to indicate that Applicant ever received financial counseling. Based on what she told the OPM investigator in January 2014, Applicant has monthly deficit of minus \$800. The overwhelming evidence is that Applicant’s financial problems are not under control. Applicant has not acted responsibly by failing to address her delinquent accounts and

---

<sup>36</sup> 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].

(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)).

by making limited efforts of working with her creditors.<sup>37</sup> Applicant's actions under the circumstances confronting her cast doubt on her current reliability, trustworthiness, and good judgment.<sup>38</sup>

## **Guideline E, Personal Conduct**

The security concern under the guideline for Personal Conduct is set out in AG ¶ 15:

Conduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations can raise questions about an individual's reliability, trustworthiness and ability to protect classified information. Of special interest is any failure to provide truthful and candid answers during the security clearance process or any other failure to cooperate with the security clearance process.

The guideline notes a condition that could raise security concerns. Under AG ¶ 16(c), it is potentially disqualifying if there is

credible adverse information in several adjudicative issue areas that is not sufficient for an adverse determination under any other single guideline, but which, when considered as a whole, supports a whole-person assessment of questionable judgment, untrustworthiness, unreliability, lack of candor, unwillingness to comply with rules and regulations, or other characteristics indicating that the person may not properly safeguard protected information.

Applicant left her corporate credit card with an unpaid balance of approximately \$4,123 after she was reimbursed for her travel. Her three payments in 2013, each of which was returned for insufficient funds, resulted in the balance being charged off. She made no subsequent timely effort to resolve the debt until 2015 when she agreed to a payroll deduction authorization agreement. Because of her actions, AG ¶ 16(c) has been established.<sup>39</sup>

The guideline also includes examples of conditions that could mitigate security concerns arising from personal conduct, but none of them apply.

---

<sup>37</sup> "Even if Applicant's financial difficulties initially arose, in whole or in part, due to circumstances outside his [or her] control, the Judge could still consider whether Applicant has since acted in a reasonable manner when dealing with those financial difficulties." ISCR Case No. 05-11366 at 4 n.9 (App. Bd. Jan. 12, 2007) (citing ISCR Case No. 99-0462 at 4 (App. Bd. May 25, 2000); ISCR Case No. 99-0012 at 4 (App. Bd. Dec. 1, 1999); ISCR Case No. 03-13096 at 4 (App. Bd. Nov. 29, 2005)). A component is whether he or she maintained contact with creditors and attempted to negotiate partial payments to keep debts current.

<sup>38</sup> See ISCR Case No. 09-08533 at 3-4 (App. Bd. Oct. 6, 2010).

<sup>39</sup> The issue of adequate notice to Applicant has been raised because of the garbled versions of the SOR. The initial version had ¶ 2.a. refer to the information about the corporate credit card in ¶ 1.p., but with the "corrected" version, old ¶ 1.p. was changed to ¶ 1.q., but new ¶ 2.a. remained unchanged. Applicant acknowledged that she had the same response for all items on the SOR regardless of the lettering on the paper copy. Accordingly, while there is some confusion created by the two versions of the SOR, I conclude that Applicant did, in fact, have adequate notice.

## 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 AG ¶ 2(a):

(1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. 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.<sup>40</sup>

There is some evidence in favor of mitigating Applicant's conduct. She has been with the same employer since October 2011 and with the U.S. Army Reserve since March 2009. She is apparently a loving and caring daughter and mother. She has declared her intentions of bringing her accounts current and repaying them.

The disqualifying evidence is more substantial. Applicant obtained more unemployment and supplemental benefits than she was entitled to receive when she failed to report increased income; she failed to pay her federal income tax for the tax year 2012 until the IRS intercepted her refunds; she failed to reimburse her employer after she used the corporate credit card and was in turn reimbursed; she made three payments which were returned for insufficient funds; she ignored her delinquent credit union accounts, with a combined balance of \$10,741, until June 2015 when she made three minimal payments for a combined total of \$106.85; she has continued to ignore her remaining accounts; and she has a monthly budget deficit of minus \$800. Applicant offered no evidence as to her reputation for reliability, trustworthiness, and good judgment. Applicant's long-standing failure, at least until June 2015, to voluntarily repay her creditors, even in the smallest amounts, or to arrange payment plans, reflects traits which raise concerns about her fitness to hold a security clearance. There are clear indications that Applicant's financial problems are not under control. Applicant's actions under the circumstances cast doubt on her current reliability, trustworthiness, and good judgment. Considering the absence of confirmed debt resolution and elimination efforts, Applicant's financial and personal conduct issues are likely to remain.

---

<sup>40</sup> 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).

The Appeal Board has addressed a key element in the whole-person analysis in financial cases stating:<sup>41</sup>

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

Applicant has demonstrated an essentially negative track record of voluntary debt reduction and elimination efforts, generally ignoring her delinquent debts until her creditors are able to take individual involuntary action, like the IRS attaching her income tax refunds to apply to income tax debts. Overall, the evidence leaves me with substantial questions and doubts as to Applicant’s eligibility and suitability for a security clearance. For all of these reasons, I conclude Applicant has failed to mitigate the security concerns arising from her financial considerations and personal conduct concerns. See AG ¶ 2(a)(1) through AG ¶ 2(a)(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:	AGAINST APPLICANT
Subparagraph 1.a:	For Applicant
Subparagraph 1.b:	For Applicant
Subparagraph 1.c:	Against Applicant
Subparagraph 1.d:	For Applicant
Subparagraph 1.e:	For Applicant
Subparagraph 1.f:	For Applicant
Subparagraph 1.g:	For Applicant

---

<sup>41</sup> ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008) (internal citations omitted).

