In the matter of:  

Applicant for Security Clearance  

ISCR Case No. 17-00944  

Appearances  

For Government: Tara Karoian, Esq., Department Counsel  
For Applicant: Ryan C. Nerney, Esq., Applicant’s Counsel  

October 3, 2018  

Decision  

CEFOLA, Richard A., Administrative Judge:  

Statement of the Case  

On March 24, 2017, in accordance with DoD Directive 5220.6, as amended (Directive), the Department of Defense issued Applicant a Statement of Reasons (SOR) alleging facts that raise security concerns under Guideline F.¹ The SOR further informed Applicant that, based on information available to the government, DoD adjudicators could not make the preliminary affirmative finding it is clearly consistent with the national interest to grant or continue Applicant’s security clearance.  

Applicant answered the SOR on April 4, 2017, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on December 13, 2017. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on January 2, 2018, scheduling the hearing for January 25, 2018. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 7, which  

¹ I considered the previous Adjudicative Guidelines, effective September 1, 2006, as well as the new Adjudicative Guidelines, effective June 8, 2017. My decision would be the same if the case was considered under the previous Adjudicative Guidelines, effective September 1, 2006.
were admitted into evidence. Applicant testified on his own behalf and called one witness. Applicant presented 13 documents, which I marked Applicant’s Exhibits (AppXs) A through M, and admitted without objection. The record was left open until March 1, 2018, for receipt of additional documentation. On March 1, 2018, Applicant offered three additional documents, which I marked AppXs N through P, and admitted without objection. DOHA received the transcript of the hearing (TR) on February 1, 2018.

Findings of Fact

Applicant admitted the one allegation of SOR. After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 60-year-old employee of a defense contractor. (GX 1 at page 5.) He has been employed with the defense contractor since 2015. (TR at page 24 lines 11~22, and GX 1 at page 9.) He has been married twice, and has three adult children from his first marriage. (TR at page 25 lines 1~18.)

Guideline F – Financial Considerations

1.a. Applicant admits that he is indebted to the Federal Government (IRS) for tax liens entered against Applicant in 2014, in the amount of about $48,000, as the result of Applicant not paying the income taxes he owed as a result of his 2009, 2010 and 2011 IRS filings. (TR at page 32 line 19 to page 53 line 7, and at page 60 line 1 to page 71 line 19.) Applicant attributes his delinquencies to him being unprepared to “be an owner-operator” of a trucking firm, coupled with Applicant suffering “a heart attack in 2009,” having a short period of unemployment in 2009~2010, and helping one of his daughters with household expenses. (TR at page 34 line 1 to page 37 line 15.)

In July of 2017, and again in December of 2017, Applicant made Offers in Compromise to the IRS. (AppX M.) Pursuant to his December 2017 Offer, an agreement with the IRS has been reached by which Applicant is making monthly payments of $878, as evidenced by correspondence with the IRS and by banking statements. (TR at page 75 line 23 to page 80 line 3, and AppXs I~O.) Applicant has also received financial counseling. (AppX K.)

Policies

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

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines in conjunction with the factors listed in AG ¶ 2 describing the adjudicative process. The
administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(a), the entire process is a conscientious scrutiny of a number of variables known as the whole-person concept. The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that “[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of national security.” In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record.

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Directive ¶ E3.1.15 states the “applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by the applicant or proven by Department Counsel, and has the ultimate burden of persuasion as to obtaining a favorable clearance decision.”

A person who applies for access to classified information seeks to enter into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified information.

Section 7 of Executive Order (EO) 10865 provides that adverse decisions shall be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See also EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F - Financial Considerations

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

Failure to live within one's means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental
health conditions, substance misuse, or alcohol abuse or dependence. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

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

(a) inability to satisfy debts;

(c) a history of not meeting financial obligations; and

(f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

Applicant has a significant tax lien owed to the IRS. The evidence is sufficient to raise these disqualifying conditions.

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

(a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;

(b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances;

(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; and

(g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.
Applicant’s tax lien has been addressed through an agreement with the IRS. He is making payments pursuant to that agreement. He has also received financial counseling to ensure that future financial problems are unlikely. Mitigation under AG ¶ 20 has been established.

**Whole-Person Concept**

Under the whole-person concept, the administrative judge must evaluate an applicant’s eligibility for a security clearance by considering the totality of the applicant’s conduct and all relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

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

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

I considered the potentially disqualifying and mitigating conditions in light of all facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis. Applicant is well respected in the work place. (TR at page 15 line 1 to page 22 line 18, and AppX C.)

Overall, the record evidence leaves me without questions or doubts as to Applicant’s eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant mitigated the Financial Considerations security concerns.

**Formal Findings**

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

**Paragraph 1, Guideline F:** FOR APPLICANT

Subparagraph 1.a: 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 national security eligibility for a security clearance. Eligibility for access to classified information is granted.

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Richard A. Cefola
Administrative Judge