*The original of this document contains information which is subject to withholding from disclosure under 5 U.S. C. § 552. Such material has been deleted from this copy and replaced with XXXXXX's.

United States Department of Energy Office of Hearings and Appeals

In the Matter of:	Personnel Security Hearing)	
)	
Filing Date:	October 1, 2014)	
)	Case No.: PSH-14-0092
		_)	

Issued : December 23, 2014

Administrative Judge Decision

Wade M. Boswell, Administrative Judge:

This Decision concerns the eligibility of XXXXXX (hereinafter referred to as "the individual") to hold an access authorization¹ under the Department of Energy's (DOE) regulations set forth at 10 C.F.R. Part 710, Subpart A, entitled, "General Criteria and Procedures for Determining Eligibility for Access to Classified Matter or Special Nuclear Material." As fully discussed below, after carefully considering the record before me in light of the relevant regulations and Adjudicative Guidelines, I have determined that the individual's access authorization should be restored.

I. Background

The individual is employed by a DOE contractor in a position that requires her to hold DOE access authorization. As a holder of access authorization, the individual is subject to periodic reinvestigations to determine her continued eligibility to maintain access authorization. At the commencement of the individual's most recent reinvestigation, she completed an Electronic Questionnaire for Investigations Processing $(e-QIP)^2$ on March 24, 2014 (Initial e-QIP). *See* Exhibit 2. Her employer's security office returned it

¹ Access authorization is defined as "an administrative determination that an individual is eligible for access to classified matter or is eligible for access to, or control over, special nuclear material." 10 C.F.R. § 710.5(a). Such authorization will be referred to variously in this Decision as access authorization or security clearance.

² An e-QIP is an electronic questionnaire which incorporates the Questionnaire for National Security Positions (QNSP), which is traditionally completed by applicants for access authorization. The record in this proceeding uses the terms e-QIP and QNSP interchangeably.

to her to correct or verify a few minor matters and, after making revisions, she resubmitted and recertified the e-QIP April 10, 2014 (Final e-QIP). *See* Exhibits 2 and 8. The Final e-QIP disclosed financial matters relating to her non-payment of two years of federal income taxes and a lien on her residence resulting from delinquencies in payment of her condominium fees. Exhibit 8 at 35, 36.

Following receipt of the Final e-QIP, the Local Security Office (LSO) obtained a credit report on the individual which reflected a number of financial delinquencies not disclosed on the Final e-QIP. *See* Exhibit 4. Following receipt of this information, the LSO conducted a personnel security interview (PSI) with the individual on July 21, 2014. *See* Exhibit 9.

On August 27, 2014, the LSO advised the individual in a letter (Notification Letter) that it possessed reliable information that created substantial doubt regarding her eligibility to hold a security clearance. In an attachment to the Notification Letter, the LSO explained that the derogatory information fell within the purview of two potentially disqualifying criterion set forth in the security regulations at 10 C.F.R. § 710.8, subsections (f) and (l) (hereinafter referred to as Criterion F and Criterion L, respectively).³ *See* Exhibit 1.

Upon her receipt of the Notification Letter, the individual exercised her right under the Part 710 regulations by requesting an administrative review hearing. *See* Exhibit 2. The Director of the Office of Hearings and Appeals (OHA) appointed me the Administrative Judge in the case and, subsequently, I conducted an administrative hearing in the matter. At the hearing, the LSO presented no witnesses; the individual presented the testimony of eight witnesses, including that of herself and her daughter. The LSO introduced 10 numbered exhibits into the record of the case; the individual tendered 10 lettered exhibits (Exhibits A – J). The exhibits will be cited in this Decision as "Ex." followed by the appropriate numeric or alphabetic designation. The hearing transcript in the case will be cited as "Tr." followed by the relevant page number.⁴

II. Regulatory Standard

A. Individual's Burden

A DOE administrative review proceeding under Part 710 is not a criminal matter, where the government has the burden of proving the defendant guilty beyond a reasonable doubt. Rather, the standard in this proceeding places the burden on the individual because it is designed to protect national security interests. This is not an easy burden for the individual to sustain. The regulatory standard implies that there is a presumption against granting or restoring a security clearance. *See Department of Navy v. Egan*, 484 U.S. 518, 531 (1988) ("clearly consistent with the national interest" standard for granting security clearances indicates "that security determinations should err, if they must, on the

³ See Section III below.

⁴ OHA decisions are available on the OHA website at www.oha.doe.gov. A decision may be accessed by entering the case number in the search engine at www.oha.gov/search.htm.

side of denials"); *Dorfmont v. Brown*, 913 F.2d 1399, 1403 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991) (strong presumption against the issuance of a security clearance).

An individual must come forward with evidence to convince the DOE that granting or restoring his or her access authorization "will not endanger the common defense and security and will be clearly consistent with the national interest." 10 C.F.R. § 710.27(d). An individual is afforded a full opportunity to present evidence supporting his or her eligibility for an access authorization. The Part 710 regulations are drafted so as to permit the introduction of a very broad range of evidence at personnel security hearings. Even appropriate hearsay evidence may be admitted. 10 C.F.R. § 710.26(h). Thus, an individual is afforded the utmost latitude in the presentation of evidence to mitigate the security concerns at issue.

B. Basis for the Administrative Judge's Decision

In personnel security cases arising under Part 710, it is my role as the Administrative Judge to issue a Decision that reflects my comprehensive, common-sense judgment, made after consideration of all the relevant evidence, favorable and unfavorable, as to whether the granting or continuation of a person's access authorization will not endanger the common defense and security and is clearly consistent with the national interest. 10 C.F.R. § 710.7(a). I am instructed by the regulations to resolve any doubt as to a person's access authorization eligibility in favor of the national security. *Id*.

III. The Notification Letter and the Security Concerns at Issue

As previously noted, the LSO cited two criteria as the basis for suspending the individual's security clearance, Criterion F and Criterion L. Criterion F refers to information that a person has "deliberately misrepresented, falsified, or omitted significant information from a Personnel Security Questionnaire, a Questionnaire for Sensitive National Security Positions, a personnel qualifications statements, a personnel security interview, written or oral statements made in response to official inquiry on a matter that is relevant to a determination regarding eligibility for DOE access authorization or [Part 710 administrative review] proceedings...." 10 C.F.R. § 710.8(f). 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. Any failure to provide truthful and candid answers during the security clearance process is of particular concern. See Guideline E of the Revised Adjudicative Guidelines for Determining Eligibility for Access to Classified Information, issued on December 29, 2005, by the Assistant to the President for National Security Affairs, The White House (Adjudicative Guidelines). With respect to Criterion F, the LSO alleges omissions on the individual's Final e-QIP of 11 collection or charge-off financial accounts. Ex. 1 at 3 - 4.

Criterion L concerns information that an individual has engaged in conduct "which tends to show that the individual is not honest, reliable, or trustworthy...." 10 C.F.R. § 710.8(1). As noted in the preceding paragraph, conduct reflecting questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations raises

questions about an "individual's reliability, trustworthiness and ability to protect classified information." Adjudicative Guidelines at Guideline E. With respect to Criterion L, the LSO alleges, *inter alia*, that the individual: (1) has eight collections and three charge-off accounts, aggregating \$12,065; (2) has delinquent condominium fees, aggregating \$2000; (3) failed to file her income taxes as required by law for 2011 and 2012 and, for those years, has unpaid federal income taxes aggregating \$12,692; and (4) demonstrated a pattern of financial irresponsibility by failing to satisfy her debts, living beyond her means and exercising poor judgment by accruing credit card debt that she was not able to repay. Ex. 1 at 4 - 6.

In light of the information available to the LSO, the LSO properly invoked Criterion F and Criterion L.

IV. Findings of Fact

The individual did not contest the factual accuracy of the allegations set forth in the Notification Letter at the time of its issuance, except where specifically noted below. Rather, she focused on the circumstances surrounding the occurrences described in the Notification Letter and the steps that she has taken to mitigate the concerns, including actions that she initiated prior to the commencement of her periodic security re-investigation. *See* Ex. 2.

Initial e-QIP/Final e-QIP. As a holder of access authorization, the individual is subject to periodic security re-investigations to verify her eligibility to maintain access authorization. On March 24, 2014, as part of a periodic re-investigation, the individual signed and submitted the Initial e-QIP. The Initial e-QIP included disclosure by the individual of her non-payment of her 2011 and 2012 federal income taxes, a lien against her residence by her home owners association for delinguencies in her condominium fees and her delinquencies on seven financial accounts. Id. at 43 - 52. It also included a statement under "Additional Comments" that read, in part, "I've been working with the credit company's [sic] to correct my account when old information shows up. I will pull a credit report and reconcile all accounts listed. I have been working with my creditors to make payments on a regular basis so that I can become current on my accounts. I will work with the [Internal Revenue Service] to do the same...." Id. at 54. The individual's references to "credit company" and "creditors" in this comment are references to the seven delinquent accounts that she had disclosed as being delinquent on the Initial e-OIP. Tr. at 95 - 96. The individual did not disclose two financial accounts that had been delinquent during the prior seven years but, at the time of the Initial e-QIP, she had paid in full. Id. at 94.

On March 28, 2014, the individual received an e-mail from her employer's security office requesting that she correct or verify a few items on the Initial e-QIP, primarily related to physical addresses and names. Ex. 2 at 15 - 17. The individual made modifications to the e-QIP and certified and submitted the Final e-QIP on April 10, 2014. The Final e-QIP included disclosure by the individual (identical to that contained in the Initial e-QIP) with respect to her delinquent federal income taxes and the lien on her condominium by her home owners association, as well as the Additional Comment referencing her delinquent

financial accounts; however, the Final e-QIP omitted disclosure of the seven delinquent financial accounts that had been reported on the Initial e-QIP. Ex. 8 at 33 - 37, 39.

Financial Delinquencies. Although the individual had experienced some financial difficulties earlier in her life, the individual had no financial irregularities in the years preceding 2009.⁵ Tr. at 19. In 2009, when her nephew was approximately 30 years old, he had a serious heart attack, without any forewarning. *Id.* at 30. The individual's relationship with her nephew was that of a mother to a son and she is the godmother of her nephew's only child. *Id.* at 21 - 23, 85 - 86, 98 - 99, 138. Following his initial heart attack, her nephew's doctors advised that his life expectancy was extremely limited. *Id.* at 103. Although her nephew continued to be employed following his initial heart attack and had health insurance, his insurance did not cover all of his medical expenses, and his ability to cover housing and food expenses for him and his son further decreased when his life partner moved out of their home following the nephew's second heart attack. *Id.* at 22, 102 - 104; Ex. 2 at 2 - 3. The nephew died in March 2013. Tr. at 135; Ex. I.

During the period from 2009 to 2013, the individual provided substantial financial support to her nephew, including purchasing medications and paying hospital expenses that were not covered by his insurance, purchasing food for him and his son and assisting with his utilities. Tr. at 138 - 139; Ex. J. Although she incurred these expenses knowing that her own financial obligations were being neglected, she believed it was a morally appropriate decision to make in order to extend her nephew's life. Tr. at 24, 107, 140. During this period, in addition to becoming delinquent on her own financial obligations while assisting her nephew, she withdrew funds from her retirement account in 2011 and 2012, primarily to provide assistance to her nephew. Ex. 2 at 9. She communicated with her creditors during this period of time and advised them of the situation and that she intended to honor her financial obligations to them when she was able. Tr. at 106 – 107, 132, 143; Ex. 2 at 12.

Other than to support her nephew, the only new consumer debt incurred by the individual during this period was for necessary repairs to her car. Tr. at 147. These repairs were charged to an account that the individual maintained as current throughout this period. *Id.* at 148.

The individual's withdrawals of funds from her retirement account in 2011 and 2012 were taxable events and she was unable to pay the additional taxes when they became due. Other than those two years, the individual has owed no additional taxes when she has filed her tax returns. Ex. 2 at 9. For her 2011 and 2012 federal taxes, the individual filed for extensions on a timely basis but failed to file those tax returns until April 2014, when she also filed her 2013 tax returns. Her 2013 tax returns were filed on a timely basis. Tr. at 144 – 146; Ex. 2 at 97 – 101; Ex. C. Her outstanding federal tax liability for 2011 and 2012 aggregated \$13,167.44. Ex. 2 at 12.

⁵ During a 40-minute PSI conducted with the individual on October 21, 2004, the individual's earlier financial difficulties were discussed. *See* Ex. 10. The record reflects no allegations of financial irregularities between the 2004 PSI and 2009.

The month following her nephew's death, she made an initial payment on one of her delinquent accounts and, within the following two months, she had contacted all of her creditors to discuss payment arrangements. Tr. at 26, 108 - 110, 124 - 125. Two of those accounts were satisfied prior to the commencement of the individual's periodic security re-investigation. *Id.* at 94. Through her monthly efforts to pay her debt and two new loans,⁶ the individual either paid in full or settled all of her delinquent, collection and charge-off accounts, her outstanding federal income taxes and her delinquent condominium fees by August 2014. Ex. 2; Ex. B; Ex. C; Ex. D.

Since August 2014, the individual has maintained all of her financial obligations on a current basis. Tr. at 148. Even with the additional debt the individual incurred to consolidate and retire her prior debts, her monthly income exceeds her monthly expenses. Ex. A.

V. Analysis

I have thoroughly considered the record of this proceeding, including the submissions tendered in this case and the testimony of the witnesses presented at the hearing. In resolving the question of the individual's eligibility for access authorization, I have been guided by the applicable factors prescribed in 10 C.F.R. § $710.7(c)^7$ and the Adjudicative Guidelines. After due deliberation, I have determined that the individual's access authorization should be restored. The specific findings that I make in support of this decision are discussed below.

A. Mitigating Evidence

The individual did not contest the accuracy of the factual information in the Notification Letter, with the exception of noting certain duplications of the financial accounts listed therein. With respect to the financial information omitted from her Final e-QIP, the individual believes that she inadvertently checked "no" to a question about delinquent financial accounts when she was making corrections to the Initial e-QIP and that that "no" response deleted from the Final e-QIP the information that she had entered on the Initial e-QIP with respect to seven delinquent accounts. Tr. at 89. Four of accounts listed in the Notification Letter as being omitted from her Final e-QIP represent duplications, with the same debt being listed as owed to both the original creditors as well as subsequent purchasers of such debt. Ex. 2 at 4 - 5. She also acknowledges that she erred

⁶ The individual borrowed money from both a financial institution and from a sibling; both are interest bearing loans pursuant to written documentation. Tr. at 133 - 136; Ex. 2. She is currently working with her credit union for a loan which would allow her to prepay her high interest debt to the financial institution and further increase her monthly positive cash flow. Tr. at 135.

⁷ Those factors include the following: the nature, extent, and seriousness of the conduct, the circumstances surrounding the conduct, to include knowledgeable participation, the frequency and recency of the conduct, the age and maturity at the time of the conduct, the voluntariness of his participation, the absence or presence of rehabilitation or reformation and other pertinent behavioral changes, the motivation for the conduct, the potential for pressure, coercion, exploitation, or duress, the likelihood of continuation or recurrence, and other relevant and material factors.

in failing to list two accounts that had been delinquent during the prior seven years; she states that since she had already paid those two creditors, she forgot about them when she was completing the e-QIP. Tr. at 94 - 95.

With respect to the delinquent and charge-off debt listed in the Notification Letter, the individual does not contest her responsibility for such debt or that she failed to maintain those obligations on a timely basis. She acknowledges making a conscious decision to assist her nephew once he became terminally ill. *Id.* at 107, 140. She states that she never intended to default on her obligations and, once her nephew died, she immediately began working with her creditors to resolve her outstanding obligations. *Id.* at 108 - 110, 124 - 125. She has since resolved all of her accounts, including charge-off accounts, and is current on all of her obligations. Ex. 2; Ex. B; Ex. C; Ex. D.

With respect to her federal income taxes, the individual was unprepared for the magnitude of the taxes she owed following her withdrawal of funds from her retirement account. Ex. 2 at 9. She knew that she was unable to pay the resulting taxes while she was still assisting her nephew and, being unfamiliar with having outstanding tax liability, she believed that the extensions that she requested using a computer software program satisfied her filing obligations. She now realizes that she was in error about her filing requirements. Tr. at 144 - 146. She has subsequently filed her 2011 and 2012 federal tax returns, filed her 2013 tax returns on a timely basis and paid the full amount of her tax liability for 2011 and 2012, including penalties and interest. Ex. C.

B. Administrative Judge Evaluation of Evidence

Criterion F Security Concern. To constitute a security concern under Criterion F, an individual must have "deliberately misrepresented, falsified or omitted significant information" from her e-QIP. 10 C.F.R. § 710.8(f) (emphasis added); Personal Security Hearing, Case No. PSH-14-0015 (July 11, 2014) at 5; Personal Security Hearing, Case No. PSH-14-0067 (September 26, 2014) at 7. With respect to Criterion F, the LSO alleges that the individual failed to list 11 collection or charge-off accounts on her Final e-QIP. The individual credibly testified and provided documentation to support that she disclosed information on seven of those accounts when she initially completed her e-QIP. See Ex. 2 at 48 - 53. That disclosure was deleted from the Final e-QIP when the individual went to make minor revisions requested by her employer's security office. See Ex. 2 and Ex. 8. In light of this disclosure being included on the Initial e-OIP and, further, in light of the Final e-QIP continuing to contain the "Additional Comment" (which referred to the deleted disclosure) and disclosing other substantial financial matters (i.e., her delinquent federal income taxes for two years and a lien against her residence for non-payment of condominium fees), it is clear that the individual was not trying to conceal her financial problems from the DOE. In these circumstances, the omission of those accounts from the Final e-QIP lacked *deliberateness* to mislead the government. With respect to two of the omitted accounts, the individual credibly testified that she had fully resolved those accounts prior to completing the Initial e-QIP and was not consciously aware of those obligations when completing the e-QIP. Tr. at 94. Although the individual committed an error in omitting these accounts since they were required to be reported on the e-QIP, this omission also lacks the *deliberateness* required under Criterion F. Additionally, those two accounts do not constitute *significant* information in light of the extensiveness of the individual's disclosure of other financial irregularities. With respect to the remaining accounts omitted from the Final e-QIP, the individual credibly testified (and provided written documentation) demonstrating that these accounts duplicated other accounts disclosed on the Initial e-QIP. Ex. 2. For these reasons, I find that the individual has mitigated the Criterion F security concerns with respect to the omissions of collection and charge-off accounts from her Final e-QIP.

Criterion L Security Concerns. With respect to the Criterion L security concerns, the LSO points to the individual's delinquent and outstanding debts (allegedly aggregating \$26,756 at the time of the Notification Letter) and information regarding an alleged pattern of financial irresponsibility by the individual. Such factors, if correct and unmitigated, would constitute a disqualifying security concern under 10 C.F.R. § 710.8(1).

The individual argues that her financial irregularities began when she made the decision to divert her financial resources to assist her nephew, who she considered to be her son, during a period when he was diagnosed as having a severe, life-limiting illness. She did this for a period of approximately four years, from the time of his first heart attack until his death. There is no evidence that any financial delinquencies existed at the time her nephew became ill and the evidence presented at the hearing supports that the expenses she subsidized for her nephew were not discretionary expenses, but for medication, hospitalization and essential living expenses. Tr. at 138 – 139; Ex. J. Her nephew did not qualify for public disability benefits and another family member who works in the pharmaceutical industry was unsuccessful in securing the nephew's medication through alternative means. Tr. at 24 – 25, 119 – 120. Security concerns arising from financial irregularities can be mitigated if the financial problem arose from a problem outside of the individual's concern (such as an unexpected medical emergency) and the individual acted responsibly under the circumstances. See Adjudicative Guidelines at Guideline F ¶ 20(b). In this case, the nephew's illness was unexpected. Tr. at 30. The individual communicated the situation to her creditors and, the month following her nephew's death, began the process of paying delinquent accounts and making payment arrangements with her creditors. Id. at 26, 108 – 110, 124 – 125. During the period of her nephew's illness, the individual incurred no new consumer debt other than to maintain her vehicle and that debt was maintained on a current basis. Id. at 147. Within 18 months following her nephew's death, she paid in full or otherwise settled all of her outstanding delinquent debt (including all of her charge-off accounts and her total federal income tax debt). Ex. 2; Ex. B; Ex. C; Ex. D; Tr. at 120 – 148. Cf. Adjudicative Guidelines at Guideline F ¶ 20(d) (mitigation of financial concerns possible where an individual initiated good-faith effort to repay overdue creditors or otherwise resolve debt). The individual also credibly testified that this was a unique situation and that there is no other situation or no other family members for whom she would make a similar financial sacrifice in the future. Tr. at 142 - 144. The individual's actions immediately after her nephew's death to resolve her financial irregularities (and her success in doing so) reflect the individual's reliability and trustworthiness. This conclusion is reinforced by the individual having commenced such actions a full year prior to the commencement of her security reinvestigation. See Adjudicative Guidelines at Guideline F ¶ 20(a) (mitigation of financial

concerns possible where the behavior occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness or judgment). For these reasons, I find the individual has sufficiently mitigated the security concerns arising under Criterion L with respect to her financially delinquent accounts.

With respect to a pattern of financial irresponsibility, the LSO alleges three items: (1) the individual's acknowledgement during the 2014 PSI that she, inter alia, lived beyond her means and exercised poor judgment in accruing credit card debt she was unable to repay; (2) the individual failed to file her 2011 and 2012 income tax returns as required pursuant to the extensions she had received; and (3) the individual having previously been advised of DOE's concerns regarding financially irresponsibility behavior during the 2004 PSI but, notwithstanding such warning, accrued \$26,756 in delinquent debt as of the time of the 2014 PSI. Ex. 1 at 5 - 6. With respect to the alleged acknowledgment by the individual during the 2014 PSI the she was living beyond her means and exercising poor financial judgment, it is difficult from the transcript of the PSI to determine whether the individual was acknowledging conclusions about her behavior or agreeing to the accuracy of certain factual matters.⁸ See Ex. 9 at 221 - 225. She did agree during the 2014 PSI that she understood why financial irresponsibility would be of concern to the DOE. Id. at 225. However, I need not reach a conclusion about whether or not she agreed to certain characterizations about her financial behavior in light of my finding that she has mitigated the security concerns arising from that conduct. With respect to her income tax filings, she credibly testified that prior to 2011 and 2012 (when she withdrew money from her retirement account during her nephew's terminal illness) she had never owed additional taxes when she filed her tax returns. Ex. 2 at 9. Although, incorrect, she believed her filing for extensions satisfied her filing requirement. Tr. at 144 – 146. She now understands the filing requirement and has mitigated the associated concerns by filing her back tax returns, filing her subsequent tax return (2013) on time and paying in full all outstanding incomes taxes, together with interest and penalties. Ex. C. See Adjudicative Guidelines, Guideline F at \P 20(a). With respect to the 2004 PSI, I concur that the LSO conducted a 40-minute PSI with the individual in 2004 which included an explanation of the security concerns that arose as a result of financial irresponsibility. Ex. 10. However, as outlined above, no evidence was presented that suggests financial irresponsibility on the part of the individual between the 2004 PSI and the time her nephew became terminally ill and, further, the individual has mitigated the security concerns that arose as a result of her financial delinquencies during the period of her nephew's illness.

Based on the foregoing, I find that the individual has sufficiently mitigated the security concerns arising under Criterion L.

⁸ For example, when the individual was asked directly "And do you admit that you failed to meet your financial obligations due to poor self-control, lack of judgment or unwillingness to pay," the individual responded "I wouldn't say those three things were why I didn't pay." Tr. at 222. Shortly thereafter the individual was asked "...do you believe that was sound judgment in not paying those debts, accruing more debt than you know you, you had no money to pay" and responded "I had to, he had to have his meds. (Crying.)" *Id.* at 223.

VI. Conclusion

In the above analysis, I have found that there was sufficient derogatory information in the possession of the DOE that raises serious security concerns under Criterion F and Criterion L. After considering all the relevant information, favorable and unfavorable, in a comprehensive common-sense manner, including weighing all the testimony and other evidence presented at the hearing, I have found that the individual has brought forth sufficient evidence to resolve the security concerns associated with Criterion F and Criterion L. Accordingly, I have determined that the individual's access authorization should be restored. The parties may seek review of this Decision by an Appeal Panel under the regulations set forth at 10 C.F.R. § 710.28.

Wade M. Boswell Administrative Judge Office of Hearings and Appeals

Date: December 23, 2014