

SECURITY CLEARANCE NEWS- JULY 2020

Your security clearance and coronavirus: Financial Responsibility by: federalnewsnetwork.com

Your finances need to stay in good order to avoid questions affecting your clearance. The standards used to adjudicate clearances advise that:

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.

– SEAD 4 Appendix A Para 18.

But in the face of the coronavirus and the multiple compounding crises connected with this pandemic, how could a failure to meet financial obligations affect your security clearance?

History provides guidance

In the 2008 financial crisis, foreclosures and bankruptcies caused by the national banking and housing crisis were in most cases viewed with sympathy, and the clearance holder, or “applicant,” was evaluated on how responsibly she or he had acted in that difficult financial situation. The applicant's conduct in incurring or failing to satisfy a debt in a timely manner was the focus of the inquiry. Here are two examples:

* **Example 1:** An applicant could have made the monthly payments on his two mortgages and still have money left at the end of the month. Nevertheless, he stopped making the mortgage payments in the hope of qualifying for a short sale, and the properties eventually went into foreclosure. The Board held that his choice to default on his two mortgages raised doubts about his current reliability, trustworthiness, and good judgment. Clearance denied. ISCR Case No. 11-08271 (May 30, 2013).

* **Example 2:** An applicant had bought and sold properties for years before the 2008 financial crisis. As a consequence of the crisis, he had a property foreclosed on and other debts forgiven through his state's anti-deficiency statute. Despite this, he was found to meet the requirements for a security clearance because he was able to demonstrate that he had made responsible and careful efforts at every stage to meet his financial responsibilities and, to the greatest extent possible, pay his debts. His conduct in the financial crisis and not the debts themselves was the basis for the favorable clearance decision. ISCR Case No. 12-04806 (App. Bd. July 3, 2014).

Good-faith efforts matter

As an applicant, you have a good-faith obligation to honor your financial commitments and contracts. Your conduct, and not just numbers on a page, will be the basis for clearance decisions. With the financial burdens brought on by the COVID-19 pandemic, it is okay to take advantage of federal and state programs to help with paying or delaying rent or mortgages, utilities, and student loans. Government programs—such as the federal CARES act or those in your own state or locality—may reasonably be relied upon without prejudice to your clearance. As part of a future clearance investigation, you

may be asked to account for benefits received through these programs, payments delayed or forgiven, loans taken, or grants accepted. Thus, you must ensure you are meticulous about documenting your reliance on government programs and the specific benefits sought and received from them.

Keep in mind it should not be the dollar amounts that ultimately matter to clearance adjudicators, but rather your conduct in responsibly managing your financial commitments through this national crisis.



ANY QUESTIONS? PLEASE CONTACT US:

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