



**DEPARTMENT OF DEFENSE**  
**DEFENSE LEGAL SERVICES AGENCY**  
**DEFENSE OFFICE OF HEARINGS AND APPEALS**  
**APPEAL BOARD**  
**POST OFFICE BOX 3656**  
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**(703) 696-4759**

Date: May 12, 2025

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In the matter of: )  
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ISCR Case No. 24-00750

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Applicant for Security Clearance )  
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**APPEAL BOARD DECISION**

**APPEARANCES**

**FOR GOVERNMENT**

Aubrey M. De Angelis, Esq., Department Counsel  
Andrea M. Corrales, Esq., Deputy Chief Department Counsel

**FOR APPLICANT**

*Pro se*

The Department of Defense (DoD) declined to grant Applicant a security clearance. On June 24, 2024, DoD issued a Statement of Reasons (SOR) advising Applicant of the basis of that decision – security concerns raised under Guideline B (Foreign Influence) of the National Security Adjudicative Guidelines (AG) in Appendix A of Security Executive Agent Directive 4 (effective June 8, 2017) and DoD Directive 5220.6 (Jan. 2, 1992, as amended) (Directive). On February 24, 2025, Defense Office of Hearings and Appeals Administrative Judge Richard A. Cefola granted Applicant national security eligibility. The Government appealed pursuant to Directive ¶¶ E3.1.28 and E3.1.30.

The SOR alleged that Applicant maintains certain ties within Hong Kong, including that his mother and father are resident citizens<sup>1</sup> and that his grandparents gifted him real estate in Hong Kong worth approximately \$350,000. Applicant admitted both allegations with explanation.

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<sup>1</sup> Based on Applicant's disclosures in his security clearance application and interrogatory response, the SOR alleged, and he admitted, that his parents are citizens of Hong Kong. *See* Government Exhibit (GE) 1 at 29, 30; SOR Response at 1. Hong Kong is a Special Administrative Region (SAR) of the People's Republic of China (PRC) and does not

## Judge's Findings of Fact and Analysis

Applicant, now 30 years old, was born in Hong Kong. He immigrated to the United States in 2012 and became a citizen several years later. He is unmarried and has no children. Applicant served in the U.S. Reserve force for eight years and has been employed by a defense contractor since May 2023.

Applicant's mother and father, both in their early 60s, remain residents of Hong Kong and are registered as British Nationals (Overseas) (BN(O)), meaning that they may obtain British citizenship by registration if they ever decide to reside in the United Kingdom. Applicant's mother is a nurse, his father an entrepreneur, and neither is connected to either the Hong Kong or British governments.

Applicant has an ownership interest in his grandparents' residence in Hong Kong, valued at approximately \$350,000. He plans to sell the property and invest the proceeds in U.S. real estate. Applicant's annual income is about \$100,000 and he has about \$80,000 in U.S.-based assets.

The Judge found that Applicant's ties to Hong Kong were sufficient to raise three disqualifying conditions. For reasons set forth more fully below, he went on to find the concerns mitigated and, noting that "Applicant is well respected by those who served with him in the U.S. [military] and in the defense industry," concluded that the record left him without questions or doubts about Applicant's national security eligibility. Decision at 6.

## Scope of Review

On appeal, the Board does not review a case *de novo*, but rather addresses material issues raised by the parties to determine whether there is factual or legal error. When a judge's factual findings are challenged, the Board must determine whether the "findings of fact are supported by such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all the contrary evidence in the same record." Directive ¶ E3.1.32.1.

When a judge's ruling or conclusions are challenged, we must determine whether they are arbitrary, capricious, or contrary to law. Directive ¶ E3.1.32.3. A judge's decision can be arbitrary or capricious if: it does not examine relevant evidence; it fails to articulate a satisfactory explanation for its conclusions, including a rational connection between the facts found and the choice made; it does not consider relevant factors; it reflects a clear error of judgment; it fails to consider an important aspect of the case; it offers an explanation for the decision that runs contrary to the record evidence; or it is so implausible that it cannot be ascribed to a mere difference of opinion. *See* ISCR Case No. 95-0600, 1996 WL 480993 at \*3 (App. Bd. May 16, 1996) (citing *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983)). In deciding whether a judge's rulings or conclusions are contrary to law, the Board will consider whether they

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have its own citizenship or independent nationality law. Rather, pursuant to the Nationality Law of the PRC, Hong Kong residents of Chinese descent born in the Chinese Territories (including Hong Kong) are Chinese nationals, regardless of their status as British Nationals (Overseas). *See* Basic Law of the Hong Kong SAR of the PRC, Annex III (July 1, 1997); Standing Committee of the Eighth National People's Congress, 19th Sess., *Explanations of Some Questions Concerning the Implementation of the Nationality Law of the PRC in the Hong Kong SAR* (May 15, 1996).

are contrary to provisions of Executive Order 10865, the Directive, or other applicable federal law. *See* ISCR Case No. 03-22861 at 2 (App. Bd. Jun. 2, 2006).

When an appeal issue raises a question of law, the Board's scope of review is plenary. *See* DISCR OSD Case No. 87-2107, 1992 WL 388439 at \*3-4 (App. Bd. Sep. 29, 1992) (citations to federal cases omitted). If an appealing party demonstrates factual or legal error, then the Board must consider the following questions: (1) Is the error harmful or harmless?; (2) Has the nonappealing party made a persuasive argument for how the judge's decision can be affirmed on alternate grounds?; and (3) If the judge's decision cannot be affirmed, should the case be reversed or remanded? *See* ISCR Case No. 02-08032 at 2 (App. Bd. May 14, 2004).

## **Discussion**

On appeal, the Government argues that the Judge failed to consider its post-hearing evidence, and that his application of the Guideline B mitigating conditions and analysis under the Whole-Person Concept were arbitrary, capricious, and not supported by the record evidence.

### Government's Post-Hearing Evidence

The record reflects that, after the hearing, the Government submitted additional materials via e-mail on December 15, 2024, and that the Judge acknowledged their receipt the following day. *See* E-mail dated Dec. 16, 2024. The submission included an Appeal Board decision addressing an applicant's heavy burden of persuasion for mitigation when relatives are in a hostile country and holding that Hong Kong's status as an SAR of the PRC is an important aspect to consider when an applicant has relatives there. The submission also included a complete copy of the State Department's Hong Kong 2023 Human Rights Report, an excerpt of which was previously included in Hearing Exhibit II. The Government persuasively argues that the Judge failed to consider this post-hearing evidence.

In his recitation of each party's pre- and post-hearing evidence, the Judge identified for the Government only the four exhibits offered at hearing.<sup>2</sup> Unlike Applicant's post-hearing submission, the Judge did not assign the Government's post-hearing submission an exhibit marking, nor did he reference it elsewhere in his decision. It appears, therefore, that the Judge failed to consider the evidence, which may have impacted the outcome of the case and therefore constitutes harmful error. As addressed below, however, reversal is the clear outcome in this matter and therefore remand for consideration of the omitted evidence is unnecessary.

### Applicant's Parents in Hong Kong

The Judge found that Applicant's relationship with his parents creates both a heightened risk of foreign exploitation or coercion and a potential conflict of interest.<sup>3</sup> He went on to find that

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<sup>2</sup> GEs 1 and 2 and Hearing Exhibits (HE) I and II.

<sup>3</sup> AG ¶¶ 7(a): contact, regardless of method, with a foreign family member, business or professional associate, friend, or other person who is a citizen of or resident in a foreign country if that contact creates a heightened risk of foreign exploitation, inducement, manipulation, pressure, or coercion; 7(b): connections to a foreign person, group, government, or country that create a potential conflict of interest between the individual's obligation to protect

the parents are BN(O)s, free to depart Hong Kong for the UK, and have no connection to the PRC Government. With no corresponding analysis of the mitigative impact of those findings, the Judge concluded that the concern was mitigated through application of AG ¶¶ 8(a), 8(b), and 8(c).

The Government argues that the foregoing conclusion is unsustainable because it: 1) fails to acknowledge Applicant's heavy burden of persuasion as to mitigation of his relatives in Hong Kong; 2) fails to address Applicant's close relationship with his parents or the resulting vulnerability to the Hong Kong and PRC governments; and 3) "is based upon the irrelevant and erroneous finding that Applicant's parents are free to depart Hong Kong." Appeal Brief at 14. To properly address the Government's argument – which has merit – and the Judge's assessment of the security significance of Applicant's relationship with his parents and Hong Kong, we note the following pertinent information drawn from the record.

Applicant lived in Hong Kong for 18 years before immigrating to the U.S. in 2012. He was naturalized in about 2016 and identifies himself as a dual citizen of the U.S. and Hong Kong. During his interview, Applicant disclosed that he "would not be willing to relinquish his [Hong Kong] citizenship if it was requested of him, but he would relinquish it if it were required." GE 2 at 11. During Applicant's eight years of service in the Reserve force, which began in 2015, he did not hold a security clearance.

Applicant's parents were born in China and reside in Hong Kong. There is no evidence that either has lived outside of China or Hong Kong. In addition to having no connection to the Hong Kong government, neither has connection to the PRC government. Applicant communicates with his parents several times each month. He traveled to Hong Kong for several weeks in 2016, 2019, and, most recently, in 2024 to attend his grandfather's funeral, and his father visited him in the U.S. for a month in 2023.

*AG ¶¶ 8(a) and 8(b)*<sup>4</sup>

Relying exclusively on Applicant's parents' BN(O) status and that they have no connection to the PRC government, the Judge applied AG ¶¶ 8(a) and 8(b), which afford mitigation either because it is unlikely that the individual will be placed in a position of having to choose between the relationships and the interests of the U.S. or because the individual would be able to resolve any conflict of interest in favor of the U.S. The Government argues that, considering both the nature of his parental relationships and their residence in Hong Kong, Applicant failed to meet his burden of persuasion to afford application of either condition. We agree.

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classified or sensitive information or technology and the individual's desire to help a foreign person, group, or country by providing that information or technology.

<sup>4</sup> AG ¶¶ 8(a): the nature of the relationships with foreign persons, the country in which these persons are located, or the positions or activities of those persons in that country are such that it is unlikely the individual will be placed in a position of having to choose between the interests of a foreign individual, group, organization, or government and the interests of the United States; 8(b): there is no conflict of interest, either because the individual's sense of loyalty or obligation to the foreign person, or allegiance to the group, government, or country is so minimal, or the individual has such deep and longstanding relationships and loyalties in the United States, that the individual can be expected to resolve any conflict of interest in favor of the U.S. interest.

The Government first contends that the Judge failed to sufficiently consider the security significance of Hong Kong, especially as it relates to Hong Kong's status as an SAR of the PRC. Indeed, the Judge appears to have minimized any consideration of the relevant country conditions, beginning at hearing when he asserted that he would consider the Government's Administrative Notice requests for both Hong Kong and the PRC but cautioned that the Government shouldn't "count on [him] writing a whole lot about China." Tr. at 10. This relatively dismissive approach carried into his decision, when he summarized the lengthy Administrative Notice facts from both requests as follows:

In 1997, China resumed the exercise of sovereignty over Hong Kong, ending 150 years of British colonial rule. Since 2019, the PRC has repeatedly taken actions inconsistent with the Basic Law of HK of PRC.

The PRC seeks to become a world science and technology superpower and use this technological superiority for economic, political, and military gain. The PRC remains the most active and persistent cyber threat to U.S. Government networks. It will continue to expand its global intelligence posture to advance PRC ambitions, challenging U.S. national security and global influence. The U.S. Department of State has reported significant human rights issues in the PRC.

Decision at 3. The decision is otherwise silent to the security significance of the PRC conditions or how they relate to the Hong Kong SAR.

In Guideline B cases, the nature of the foreign government involved, including its intelligence gathering history and human rights record, are among the important considerations for the judge, including as part of the whole-person analysis. *See* ISCR Case No. 05-03250 at 5 (App. Bd. Apr. 6, 2007). Crucial to this analysis is an accurate and current assessment of the geopolitical situation in the country. *See* ISCR Case No. 07-14508 at 4 (App. Bd. Oct. 22, 2008). To that end, we note the following information drawn from the record regarding Hong Kong and the PRC.

Hong Kong is an SAR of the PRC, and the PRC is responsible for its foreign relations and defense. Despite being obligated to afford Hong Kong a high degree of autonomy – in all matters except foreign and defense affairs – the PRC has repeatedly taken actions since 2019 that are inconsistent with that obligation and with Hong Kong's Basic Law.<sup>5</sup>

On June 30, 2020, the PRC passed the National Security Law (NSL), which overrides the Basic Law where discrepancies exist. The NSL prohibits a broad range of vaguely defined acts of separatism, subversion, terrorism, and "collusion with foreign or overseas forces" perceived to threaten China's national security, and it imposes severe penalties for offenses, which are applied to both Hong Kong residents and foreign citizens, regardless of physical presence in Hong Kong.<sup>6</sup>

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<sup>5</sup> HE I at 2-3 (citing U.S. Dep't of State, *U.S. Relations With Hong Kong*, November 9, 2023).

<sup>6</sup> *Id.* at 3-4 (citing U.S.-China Economic & Security Review Commission, *2023 Report to Congress*, November 2023).

The 2024 Safeguarding National Security Ordinance identified additional vaguely defined offenses, such as treason, insurrection, theft of state secrets, sabotage against public infrastructure, and external interference, which are applicable to foreign nationals within Hong Kong and to individuals, including U.S. citizens and permanent residents, located outside its borders. Authorities attempt to enforce these provisions against individuals, including U.S. citizens and permanent residents, residing outside of their jurisdiction by offering cash rewards for information leading to their arrests in Hong Kong.<sup>7</sup>

The PRC is an authoritarian state with significant human rights issues.<sup>8</sup> It remains the most active and persistent cyber threat to U.S. Government, private sector, and critical infrastructure networks. Beijing's cyber espionage pursuits and its industry's export of surveillance, information, and communications technologies increase the threats of aggressive cyber operations against the U.S. and the suppression of the free flow of information in cyberspace. The PRC will continue to expand its global intelligence posture to advance the Chinese Communist Party's ambitions, challenge U.S. national security and global influence, quell perceived regime threats worldwide, and steal trade secrets and IP to bolster China's indigenous science and technology sectors.<sup>9</sup>

The foregoing facts reflect that, in cases currently involving Hong Kong, an assessment of the geopolitical circumstances necessarily includes consideration of the PRC.<sup>10</sup> Accordingly, we are persuaded that the Judge's analysis of the PRC and, as a result, Hong Kong, underestimated the geopolitical threat posed to the U.S. and impaired his analysis of the security significance of Applicant's parents.

We have long recognized that there is a rational connection between an applicant's family ties in a hostile country,<sup>11</sup> even if that family has no connection with the foreign government, and the risk that the applicant might fail to safeguard classified information. *See* ISCR Case No. 01-26893 at 7 (App. Bd. Oct. 16, 2002) ("[H]uman experience shows that people have engaged in espionage or committed deliberate security violations for a broad range of reasons, including succumbing to threats made by a foreign entity against a third party for whom the target has ties of love or affection."). Accordingly, an applicant with relatives in a country that is hostile to the U.S. should not be granted national security eligibility without a very strong showing that those family ties do not pose a security risk. *Id.* at 7.

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<sup>7</sup> *Id.* at 5 (citing U.S. Dep't of State, *China Travel Advisory*, April 12, 2024).

<sup>8</sup> HE II at 2, 7-8 (citing U.S. Dep't of State, *2023 Country Reports on Human Rights Practices: China*).

<sup>9</sup> *Id.* at 3 (citing Office of the Dir. of Nat'l Int., *2024 Annual Threat Assessment of the U.S. Intelligence Community*).

<sup>10</sup> Notably, several of the significant developments identified in the Government's Administrative Notice requests post-date the Board's decision in ISCR Case No. 17-04208, in which we acknowledged that, based on its then-existing geopolitical circumstances, an applicant's relatives in Hong Kong must be assessed through the lens of a country hostile to the U.S. (App. Bd. Aug. 7, 2019).

<sup>11</sup> The Russian Federation, the Islamic Republic of Iran, the Democratic People's Republic of Korea, and the PRC have been specifically identified as countries hostile to the U.S. due to their foreign malign influence operations and campaigns. *See* 50 U.S.C. §§ 3021(h), 3059(f) (2022). Additionally, any country whose policies consistently threaten U.S. national security may be viewed as hostile for purposes of national security eligibility adjudications. ISCR Case No. 17-04208 at 5 (noting that relatives in a country hostile to the U.S. is one reason explicitly cited by the Supreme Court for denying a security clearance) (citing *Dept. of Navy v. Egan*, 484 U.S. 518, 528-29 (1988)).

The Judge did not provide a rational basis for concluding that Applicant met his heavy burden in mitigation, nor would the record support such a conclusion. Instead, the Judge focused primarily on the parents' status as BN(O)s, noting that they "are free to depart Hong Kong for the United Kingdom." Decision at 5. The Judge's emphasis on the BNO status is misplaced, especially considering the parents' residency in Hong Kong, and particularly problematic when compared to his failure to identify, let alone discuss, the parents' citizenship – a concern explicitly alleged in one of two SOR concerns.

BN(O) status is a distinct form of British nationality, not British citizenship, and there is no evidence that the parents have any other personal, professional, or monetary connection to the UK. Additionally, AG ¶ 8(a) affords mitigation upon consideration of the country *in which the foreign family members are located* – i.e., Hong Kong SAR of the PRC. That they may, at some purely hypothetical future point, leave Hong Kong for the UK is irrelevant to the condition's application. Moreover, even if a future relocation was relevant, there is simply no evidence that Applicant's parents *would* relocate to the UK, even if faced with a threat from within Hong Kong or the PRC. The Judge's assessment that they are free to depart Hong Kong for the UK is speculative at best, and arguably runs contrary to the evidence, which reflects that the PRC and SAR refuse to recognize the BN(O) passport as an identity or travel document.<sup>12</sup>

The nature of Applicant's relationship with his parents is reflected in his regular communication with them and his extended, even if only occasional, in-person visits. The Judge failed to sufficiently recognize the current relevant geopolitical situation of Hong Kong, or to recognize at all Applicant's heavy burden to demonstrate that his parents are not a means of coercion or exploitation. Application of AG ¶¶ 8(a) and 8(b) is unsupported by the record.

AG ¶ 8(c)<sup>13</sup>

The Government next challenges application of AG ¶ 8(c), arguing that the Judge's scant explanation for applying the condition "fail[ed] to address the extent of Applicant's communications with his family members." Appeal Brief at 19. AG ¶ 8(c) is a conjunctive condition that contemplates contact so infrequent *and* casual that it is unlikely to create a risk of foreign influence or exploitation. Both elements are necessary, and they are not simply, or even necessarily correlated. *See* ISCR Case No. 02-09907 at 6 (App. Bd. Mar. 17, 2004).

Applicant's contact with his parents includes communication several times each month, as well as occasional in-person contact with them when he visited them in Hong Kong and when his father visited the U.S. In applying AG ¶ 8(c), the Judge failed to articulate how Applicant's contacts with his parents are either "casual" or "infrequent," let alone both. Even if the Judge could sustainably find that Applicant's visits and communications with his parents were "infrequent,"

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<sup>12</sup> U.S. Dep't of State, *2023 Country Reports on Human Rights Practices: Hong Kong*, p. 30. Applicant's mother's and father's BN(O) passports were issued in late 1996, just before the UK transferred the Hong Kong territory to the PRC in 1997. Post-Hearing Exhibit (PHE) R; PHE S at 3; PHE T at 3. There is no evidence that either parent renewed their BN(O) passport after their expiration in 2006. Rather, Applicant's reliance on their 1996-issued passports suggests the opposite.

<sup>13</sup> AG ¶ 8(c): contact or communication with foreign citizens is so casual and infrequent that there is little likelihood that it could create a risk for foreign influence or exploitation.

there is a rebuttable presumption that contacts with immediate family members are not casual. *See* ISCR Case No. 00-0484 at 3 (App. Bd. Feb. 1, 2002). Given the evidence concerning Applicant’s contacts with his parents in Hong Kong, the Judge’s perfunctory conclusion that those contacts were infrequent and casual in nature is arbitrary and capricious. We find no rational basis for the Judge’s application of AG ¶ 8(c).

In summary and contrary to the Judge’s analysis, it is foreseeable that Applicant’s family could be a means through which Applicant comes to the attention of those in the PRC who are devoted to acquiring U.S.-protected information, especially considering his relationship and regular contact with his parents. The Judge’s favorable finding on this concern is unsustainable.

### Applicant’s Real Estate in Hong Kong

Throughout his decision, the Judge characterized the Hong Kong property as Applicant’s future interest. His findings of fact included that, “*Upon her death*, Applicant’s 89-year-old grandmother . . . has gifted Applicant her Hong Kong residence” and that he plans to sell the property “[o]nce [he] obtains ownership.” Decision at 2 (emphasis added). The Judge identified that, “*in the future*, Applicant will *inherit* a property worth about \$350,000” as the basis for disqualification pursuant to AG ¶ 7(f).<sup>14</sup> *Id.* at 5 (emphasis added). Finally, in finding the concern mitigated through AG ¶ 8(f),<sup>15</sup> the Judge assessed that, “As to Applicant’s *potential, future inheritance*, this U.S. [military] Veteran plans to sell the property once he gains possession, and reinvest in the U.S.” *Id.* (emphasis added). The Government argues that the Judge’s repeated characterization of the Hong Kong property as a future interest constitutes both factual error and a reliant erroneous analysis. We agree.

As to the factual error, the record is unequivocal that Applicant’s interest in the property is neither future nor hypothetical, but that it has been current and active since at least June 2024.<sup>16</sup> The Judge’s finding otherwise is contrary to the record evidence, and the erroneous finding resulted in harmful error when it was relied upon in weighing the respective values of Applicant’s assets in the U.S. and Hong Kong.

In assessing the significance of the foreign financial interest, a judge must consider its value in comparison to the applicant’s financial interests in the U.S., as well as any other evidence

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<sup>14</sup> AG ¶ 7(f): substantial business, financial, or property interests in a foreign country, or in any foreign owned or foreign-operated business that could subject the individual to a heightened risk of foreign influence or exploitation or personal conflict of interest.

<sup>15</sup> AG ¶ 8(f): the value or routine nature of the foreign business, financial, or property interests is such that they are unlikely to result in a conflict and could not be used effectively to influence, manipulate, or pressure the individual.

<sup>16</sup> In his June 2024 response to Government interrogatories, Applicant disclosed that he was the sole owner of the property, which he received as a gift from his grandparents and valued at approximately \$350,000. GE 2 at 7, 16. He reiterated in his SOR response that his “grandparents granted [him] ownership of their home, an apartment” and that he “legally own the property.” SOR Response at 1, 3. At hearing, Applicant again explained that his grandfather gifted him the property prior to passing away and now estimated the property’s value at \$400,000. Tr. at 31, 33.



concerning the facts and circumstances of the foreign financial interest and foreign ties.<sup>17</sup> Obviously excluding the value of Applicant's Hong Kong property, the Judge concluded that "the vast majority of his financial interests reside" in the United States and found AG ¶ 8(f) fully mitigating. Decision at 5. Contrary to the Judge's conclusion, Applicant's U.S.-based financial interests, which include his annual salary of about \$100,000 and about \$80,000 in bank and retirement assets,<sup>18</sup> represent a fraction of his foreign financial interest, which primarily includes the \$350,000 property, as well as a modest bank account held jointly with his father.

Looking beyond the property value, Applicant's real estate in Hong Kong arguably reveals more about the closeness of his family ties than his financial interest in the region. Putting aside his future intent when the property is no longer inhabited, Applicant's grandparents gifted him directly this substantial financial asset and he maintains it as-is for the benefit of his grandmother. Considering Applicant's foreign financial ties in conjunction with his foreign family ties and the record as a whole, it was arbitrary and capricious for the Judge to conclude that Applicant had produced sufficient evidence to warrant application of AG ¶ 8(f), or to conclude that Applicant had mitigated the financial interest security concern.

### Conclusion

Applicant's conduct and character are not an issue in this case. Rather, his circumstances create the security concerns because commonsense suggests that even those whose character is unimpeachable could be faced with situations that would seriously tempt them to place the safety of loved ones ahead of other competing interests.

That said, there is a strong presumption against the grant or maintenance of a security clearance. *See Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). The standard applicable in national security decisions is that eligibility may be granted only when "clearly consistent with the interests of the national security." *Egan*, 484 U.S. at 528. "Any doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security." AG ¶ 2(b).

The Government has met its burden on appeal of demonstrating reversible error below. Based on the record before us, the Judge's decision in this matter was arbitrary and capricious in that it failed to examine relevant evidence and consider relevant factors and important aspects of the case, failed to articulate a satisfactory explanation for its conclusions, and it offers an explanation for the decision that runs contrary to the record evidence. It is not sustainable under the *Egan* standard and must be reversed. *See* ISCR Case No. 22-01002 at 4 (App. Bd. Sep. 26, 2024) (Reversal is appropriate when the Board concludes from the record that a contrary formal finding or overall grant or denial of security clearance eligibility is the clear outcome.).

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<sup>17</sup> ISCR Case No. 01-18860 at 3 and n.1 (App. Bd. Mar. 17, 2003) (noting that "an applicant with financial assets in the United States worth \$200,000 and foreign financial assets worth \$5,000 presents a different picture than an applicant with financial assets in the United States worth \$20,000 and foreign financial assets worth \$5,000").

<sup>18</sup> Tr. at 26-27.

## **Order**

The decision in ISCR Case No. 24-00750 is **REVERSED**.

Signed: Moira Modzelewski

Moira Modzelewski  
Administrative Judge  
Chair, Appeal Board

Signed: Allison Marie

Allison Marie  
Administrative Judge  
Member, Appeal Board

Signed: Jennifer I. Goldstein

Jennifer I. Goldstein  
Administrative Judge  
Member, Appeal Board