



DEPARTMENT OF DEFENSE  
DEFENSE LEGAL SERVICES AGENCY  
DEFENSE OFFICE OF HEARINGS AND APPEALS  
APPEAL BOARD  
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Date: July 23, 2025

In the matter of:

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Applicant for Security Clearance

ISCR Case No. 24-00570

**APPEAL BOARD DECISION**

**APPEARANCES**

**FOR GOVERNMENT**

Andrea M. Corrales, Esq., Chief Department Counsel

**FOR APPLICANT**

*Pro se*

The Department of Defense (DoD) declined to grant Applicant a security clearance. On April 29, 2024, DoD issued a statement of reasons (SOR) advising Applicant of the basis for that decision – security concerns raised under Guideline F (Financial Considerations) of the National Security Adjudicative Guidelines (AG) of Security Executive Agent Directive 4 (effective June 8, 2017) and DoD Directive 5220.6 (Jan. 2, 1992, as amended) (Directive). On April 9, 2025, Defense Office of Hearings and Appeals Administrative Judge Eric H. Borgstrom denied Applicant’s national security eligibility. Applicant appealed pursuant to Directive ¶¶ E3.1.28 and E3.1.30.

Under Guideline F, the SOR alleged that Applicant was indebted on 15 delinquent consumer accounts, had two Federal tax liens filed against him, and was delinquent on state taxes. Applicant admitted all of the allegations.

On appeal, Applicant alleges that the Judge erred in his decision because he “made significant progress to clearing up all financial debts.” Appeal Brief at 1. He asserts that, prior to 2024, he did not have the resources to resolve his debts, but that he provided documentation that his debts were largely resolved. Our review of the Judge’s decision confirms that he considered all

relevant issues and properly applied the mitigating conditions. Consistent with the following, we affirm.

### **Findings of Fact and Analysis**

Applicant is in his early 40s and has been employed by a federal contractor since November 2023. He has never married and has no children.

Since June 2017, Applicant has been employed by several different private companies for short stints, and he was involuntarily terminated from each position. In his security clearance application, he explained his terminations as he was “let go for unclear circumstances that appeared to be due to budget cuts, political issues, and changes in management within the organization.” Government Exhibit 1 at 14. He also attributed his terminations to the COVID-19 pandemic. At the hearing, he could not provide any greater clarity as to whether he was terminated for cause or laid off, but he remained eligible for and did receive unemployment compensation while he was unemployed.

From June 2017 to December 2018, Applicant was employed in procurement for a private company. From December 2018 to December 2019, he was employed as a business development manager, earning an annualized salary of approximately \$90,000. From January 2020 to March 2020, he was employed as a purchasing manager, earning approximately an annualized salary of \$75,000-80,000. He was unemployed from March 2020 to May 2021, and he received unemployment compensation. From May 2021 to November 2023, he worked in purchasing at four different companies, earning an annualized salary between \$80,000 and \$120,000. He also had a short period of unemployment between July 2022 and October 2022. Since November 2023, he has been employed with a DoD contractor, currently earning approximately \$119,000 annually.

The Judge examined each SOR debt individually and found that Applicant had either paid the debt in full or satisfied the judgment (SOR ¶¶ 1.a, 1.b, 1.k, 1.n) or settled the debt for less than was due with the remainder largely being cancelled by the creditor (SOR ¶¶ 1.c-1.j, 1.l, 1.m). SOR ¶ 1.o was a duplicate of SOR ¶ 1.g and was found in Applicant’s favor to avoid duplicative allegations. With respect to the two Federal tax liens filed against Applicant (SOR ¶¶ 1.p and 1.q), the Judge found that “since July 2024, Applicant has made nine payments of \$670 each in accordance with an installment agreement.” Decision at 5. The Judge found that Applicant paid his delinquent state taxes in May 2024 (SOR ¶ 1.r).

The Judge examined the relevant causes for Applicant’s delinquencies. He noted that Applicant testified his financial delinquencies did not occur until he became unemployed in March 2020. In addition to his unemployment, he attributed his financial problems to financially supporting his mother, father, and brother and to liquidating his retirement savings to purchase a home. In late 2019, he liquidated more than \$100,000 in retirement savings to purchase and furnish a home, triggering significant federal and state income tax consequences. He admitted that he was aware of the potential tax liability at the time he liquidated his retirement accounts.

The Judge gave great weight to Applicant’s financial decisions since 2020. He noted Applicant currently provides \$300-800 in monthly support to his mother and approximately \$300 in

monthly support to his father. His parents are divorced. He had previously provided as much as \$800-1,000 a month to support his father. His brother and his brother's fiancée reside with him. Since January 2020, he charged his brother approximately \$1,500 a month in rent; however, he has not collected rent from his brother, who is gainfully employed, for about a year, to allow his brother to save for his wedding. His brother's fiancée does not pay any rent. Applicant's financial support of his family members continued even while he was unemployed. He used his savings and credit cards to support his family members.

At the hearing, Applicant testified that he currently had approximately \$300,000 in investment assets, after having liquidated \$70,000-80,000 to settle his delinquent accounts. He further testified that this balance had grown from approximately \$50,000 as of 2020 and that he had insufficient funds to pay his delinquent debts and taxes until recently. When questioned why he did not resolve all of his debts and taxes given his investments, he explained that his top priority was resolving the credit card accounts. He was reluctant to liquidate any more investments and incur additional tax liability. He also estimated that he had approximately \$350,000 in equity in his home; however, he had decided not to utilize that equity to resolve any of his delinquent debt. He expressed his desire to retain sufficient assets to retire comfortably.

After the hearing, Applicant provided an account statement for his investment account. As of December 31, 2024, he had approximately \$1,017,000 in assets in a brokerage account, including \$192,000 in gains from 2024. He testified that he had this investment account in 2020; however, he did not have sufficient resources to pay down his large debts.

Applicant purchased his home in January 2020. He remained in this home, with his brother, but he did not pay his mortgage from May 2020 until November 2022. He has since refinanced his mortgage, cashing out approximately \$20,000 in equity, which he used to pay bills while unemployed. He has not missed a mortgage payment since November 2022, paying \$3,400 a month.

### **Discussion**

On appeal, Applicant challenges the Judge's application of the mitigating conditions and presents new evidence. In deciding whether the Judge's rulings or conclusions are erroneous, we review the decision to determine whether: 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. ISCR Case No. 97-0435 at 3 (App. Bd. Jul. 14, 1998).

Relative to mitigation, Applicant argues that the Judge erred in his analysis that he could have addressed his delinquent debts in a more timely manner. The Judge noted, "the timing of his actions indicates that his debt-resolution efforts were triggered by court judgments and the SOR issuance and not good faith." Decision at 10. Applicant explained that his delay in attending to his debts until after receiving the SOR was due to hardships in his life and that he did not have the assets available until 2024 to address the delinquencies. However, this assertion is not fully supported by record evidence. The Judge's conclusions that Applicant did not act responsibly

under the circumstances and that he exercises questionable financial judgment are amply supported by the record.

Applicant's appeal is premised on the incorrect belief that he mitigated the Government's concerns by negotiating payments and settling all debts with his commercial creditors, clearing his tax liens, and enrolling in a federal tax repayment plan prior to the hearing. While those are factors the Judge considered with respect to mitigation and the Whole-Person Concept, repayment alone does not establish mitigation.<sup>1</sup> A security clearance adjudication is not a proceeding aimed at inducing an applicant to meet his duty to repay delinquent debts or file tax returns. Rather, it is a proceeding aimed at evaluating an applicant's judgment, reliability, and trustworthiness. *E.g.*, ISCR Case No. 07-08049 at 5 (App. Bd. Jul. 22, 2008). Accordingly, even though Applicant eventually set up a payment plan for his federal tax debt and resolved his other delinquencies, the Judge properly considered all of the facts and circumstances surrounding Applicant's failure to timely resolve his financial obligations.

Overall, Applicant's brief advocates for an alternative weighing of the evidence. An applicant's "disagreement with the Judge's weighing of the evidence, or an ability to argue for a different interpretation of the evidence, is not sufficient to demonstrate that the Judge weighed the evidence or reached conclusions in a manner that is arbitrary, capricious, or contrary to law." ISCR Case No. 06-17409 at 3 (App. Bd. Oct. 12, 2007). Here, the Judge considered the status of each debt in detail but found that the circumstances surrounding the repayment of the debts outweighed the mitigation presented. The Judge noted Applicant's "reluctance to address and resolve his delinquencies [was] exacerbated by his significant available assets." Decision at 11. Applicant has not established that the Judge reached conclusions in a manner that is arbitrary, capricious, or contrary to law.

To the extent that Applicant provides new details about his financial status in his appeal, the Appeal Board does not review cases *de novo* and is prohibited from considering new evidence on appeal. Directive ¶ E3.1.29.

Applicant has failed to establish any harmful error below. The record supports a conclusion that the Judge examined the relevant evidence and articulated a satisfactory explanation for the decision.

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<sup>1</sup> We note the Judge credited Applicant for establishing mitigation under AG ¶ 20(g) with respect to his tax debts.

## **ORDER**

The decision in ISCR Case No. 24-00570 is **AFFIRMED**.

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