



**DEPARTMENT OF DEFENSE  
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:	)	
	)	
	)	ISCR Case No. 24-00124
	)	
Applicant for Security Clearance	)	

**Appearances**

For Government: Aubrey M. De Angelis, Esq., Department Counsel  
For Applicant: *Pro se*

05/02/2024

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**Decision**

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LOUGHRAN, Edward W., Administrative Judge:

Applicant mitigated the security concerns under Guideline F (financial considerations). Eligibility for access to classified information is granted.

**Statement of the Case**

On February 1, 2024, the Department of Defense (DoD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. Applicant responded to the SOR on February 5, 2024, and requested a hearing before an administrative judge. The case was assigned to me on March 12, 2024.

The hearing convened as scheduled on April 11, 2024. Government Exhibits (GE) 1, 2, 4, and 5 were admitted in evidence without objection. The objection to GE 3 was sustained. Applicant testified and submitted Applicant Exhibits (AE) A through F, which were admitted in evidence without objection.

**Findings of Fact**

Applicant is a 38-year-old prospective employee of a defense contractor. He worked for the company from June 2023 until he was laid off in February 2024 when he

did not receive a security clearance. He will be rehired if he receives a clearance. He is a high school graduate. He is not married, but he has lived with his fiancée since 2013. He has four children. (Tr. at 8-9, 22-26, 47; Applicant's response to SOR; GE 1; AE F)

Applicant became unemployed in March 2020 when he quit his job because of the COVID-19 pandemic. His newborn had significant medical problems requiring surgery. Applicant was out of work except for side jobs until November 2021. Until he went to work for the defense contractor, he was supporting four children on jobs that did not pay well. He also admitted that he was not as diligent about his finances as he should have been, and he forgot about several of his delinquent debts. (Tr. at 21-22, 26-30, 41-43, 52-53; GE 1, 2)

The SOR alleges five delinquent debts totaling \$14,140. Applicant admitted that he owed all the debts at one time, but he provided information about their resolution.

SOR ¶ 1.a alleges \$11,788 owed on the deficiency balance on an auto loan after the vehicle was repossessed. Applicant made \$250 payments to the creditor in February and March 2024. He settled the account in March 2024 for \$8,500, payable in monthly payments of \$250 starting in April 2024. (Tr. at 30-33; Applicant's response to SOR; GE 4, 5; AE A)

Applicant settled the \$1,047 charged-off debt alleged in SOR ¶ 1.b for \$618. He paid the settlement amount on February 20, 2024. (Tr. at 33-34; Applicant's response to SOR; GE 4, 5; AE B)

Applicant paid \$388 in February 2024 to settle the \$596 collection account alleged in SOR ¶ 1.c. He paid \$275 in February 2024 to settle the \$458 collection account alleged in SOR ¶ 1.d. He paid in full the \$251 debt alleged in SOR ¶ 1.d with a \$251 payment in February 2024. (Tr. at 34-38; Applicant's response to SOR; GE 4, 5; AE C- E)

All the SOR debts were paid or settled after Applicant received the SOR, but he paid or brought current several debts before the SOR was issued. He stated that the defense contractor is not just offering him a job; it is giving him a career. It pays a good salary, and he enjoys going to work. His children are proud of him because he works on a military installation. His fiancée's mother lives with them and splits the rent. He realizes that he should have been better about his finances, but he is committed to paying the last debt and reaching financial stability. He wants to buy a house, and he know that he needs good credit and a good job to do so. (Tr. at 21, 31, 39-49, 52-53; GE 2, 4, 5)

## **Policies**

This case is adjudicated under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DoD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2,

1992), as amended (Directive); and the adjudicative guidelines (AG), which became effective on June 8, 2017.

When evaluating an Applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. 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 eligibility for access to classified information.

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 the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), 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 the national security."

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, 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." The Applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to classified information enters 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 safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

Section 7 of 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 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.

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

- (a) inability to satisfy debts; and
- (c) a history of not meeting financial obligations.

Applicant has a history of financial problems, including delinquent debts. AG ¶¶ 19(a) and 19(c) are applicable.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

- (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; and

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

Applicant became unemployed in March 2020 when he quit his job because of the COVID-19 pandemic. His newborn had significant medical problems requiring surgery. He was out of work except for side jobs until November 2021. He also admitted that he was not as diligent about his finances as he should have been, and he forgot about several of his delinquent debts.

Four of the five SOR debts have been resolved through payments or settlements. Applicant settled the fifth debt, which is the largest, for \$8,500, and he has made at least two \$250 monthly payments. All the SOR debts were paid or settled after Applicant received the SOR, but he paid or brought current several debts before the SOR was issued. He realizes that he should have been better about his finances, but he is committed to paying the last debt and reaching financial stability. His actions to resolve his delinquent debts evidence this commitment.

Applicant's finances are not perfect, but perfection is not required. A security clearance adjudication is not a debt collection procedure. It is a procedure designed to evaluate an Applicant's judgment, reliability, and trustworthiness. See ISCR Case No. 09-02160 (App. Bd. Jun. 21, 2010). An Applicant is not required, as a matter of law, to establish resolution of every debt alleged in the SOR. An Applicant need only establish a plan to resolve the financial problems and take significant actions to implement the plan. There is no requirement that an Applicant make payments on all delinquent debts simultaneously, nor is there a requirement that the debts alleged in the SOR be paid first. See ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008).

Applicant established that he has a plan to resolve his financial problems, and he took significant action to implement that plan. He acted responsibly under the circumstances and made a good-faith effort to pay his debts. His finances do not cast doubt on his current judgment, reliability, trustworthiness, and ability to protect classified information. AG ¶¶ 20(a) and 20(d) are applicable. AG ¶¶ 20(b) and 20(c) are partially applicable. Security concerns about Applicant's finances are mitigated.

### **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 have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me without questions or doubts about Applicant's eligibility and suitability for a security clearance. 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 section E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F: For Applicant

Subparagraphs 1.a-1.e: For Applicant

### **Conclusion**

It is clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is granted.

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Edward W. Loughran  
Administrative Judge