



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



In the matter of: )  
)  
) ISCR Case No. 23-01199  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Andrew Henderson, Esq., Department Counsel  
For Applicant: *Pro Se*

07/18/2024

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**Decision**

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LOUGHRAN, Edward W., Administrative Judge

Applicant mitigated the financial considerations security concerns. Eligibility for access to classified information is granted.

**Statement of the Case**

On June 15, 2023, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant responded to the SOR on August 23, 2023, and requested a hearing before an administrative judge.

The case was assigned to me on December 4, 2023. The hearing was convened as scheduled on March 19, 2024. Government Exhibits (GE) 1 through 6 were admitted in evidence without objection; Applicant testified, but he did not submit any documentary evidence. The record was held open for Applicant to submit additional documentary evidence. He submitted emails and attached documents that I marked Applicant Exhibits (AE) A through G and admitted without objection.

**Findings of Fact**

Applicant is a 67-year-old employee of a defense contractor. He has worked for his current employer since November 2022. He served on active duty in the U.S. military from 1975 until he was honorably discharged in 1978. He served in the inactive reserve from 1978 to 1981. He has never married, and he has no children. (Tr. at 28, 38, 51; GE 1, 2)

Applicant spent years working overseas in less-than-ideal locations, and he had periods of unemployment between jobs. He worked in the United States in a high cost of living area from 2015 until his contract ended in 2017. He took some time off to care for his ill father who passed away in 2018. He accepted a job in another part of the country in 2019 to be close to his girlfriend. The relationship did not work out, and neither did the job. He accepted a job in another part of the country in 2019, but that job ended quickly as the company wanted someone with more experience. He was unemployed for part of 2019 and for much of 2020 when he was unable to find a job due to the COVID-19 pandemic. Applicant believes it was difficult to find a job because of his age. His mother passed away in 2020. (Tr. at 18-19, 23, 29-33, 53-54; Applicant's response to SOR; GE 1, 2)

Applicant worked overseas for most of 2021, but that employment ended when the company could not secure funding for the project. He was unemployed from about January 2022 until June 2022 when he again went overseas for work. He was let go in August 2022 during the 90-day probationary period. He was unemployed until he obtained his current position in November 2022. He is again working overseas in a country that many would consider a hardship tour. (Tr. at 36-38; Applicant's response to SOR; GE 1, 2)

Applicant developed financial problems, which he attributed to periods of unemployment, moving several times, an expensive dental procedure in 2018 (\$18,220), caring for his ill father, and the death of his parents. He also admitted that he could have done a better job managing his work and finances. The SOR alleges seven delinquent debts totaling about \$58,270. Applicant admitted owing all the debts, which are also listed on credit reports. (Tr. at 18-19, 23, 26-27, 35-36, 42; Applicant's response to SOR; GE 2-6; AE F)

Applicant considered filing bankruptcy, but he is an alcoholic who has been sober for decades. He felt responsible for the debts, and he wanted to pay them. He reported financial issues on the Questionnaire for National Security Positions (SF-86) he submitted in December 2022, and he discussed his delinquent debts during his background interview in February 2023. (Tr. at 13, 20, 26-27, 29, 49; GE 1, 2; AE F)

Applicant retained a law firm in July 2023 to assist him in negotiating settlements and payment options with his creditors. He paid or settled all the SOR debts except for the \$1,205 debt alleged in SOR ¶ 1.g. (Applicant's response to SOR)

Applicant settled the \$11,858 debt alleged in SOR ¶ 1.e with payments totaling \$8,301 made between July 2023 and November 2023. (Applicant's response to SOR; AE D, E) He settled the \$13,741 debt alleged in SOR ¶ 1.f with payments totaling \$6,870 made between November 2023 and February 2024. (AE D, E) He resolved the \$1,840

debt alleged in SOR ¶ 1.a with a payment of \$1,840 in March 2024. (Tr. at 20, 40, 42-44; AE A-C).

Applicant settled the \$13,445 debt alleged in SOR ¶ 1.d with payments of \$6,000 on March 19, 2024; and \$4,273 on March 20, 2024. (AE A, B) SOR ¶¶ 1.b and 1.c allege debts of \$8,793 and \$7,388 owed to the same bank. Applicant settled both debts with payments of \$6,000 on April 30, 2024; \$2,100 on May 24, 2024; and \$5,542 on May 29, 2024. (Tr. at 20, 40-42; AE A, B)

The \$1,205 debt alleged in SOR ¶ 1.g is reported by all three credit reporting agencies on the December 2022 combined credit report. The activity date is listed as May 2021. The debt is not listed on the May 2023 or April 2024 Equifax credit reports. Applicant stated that he called the creditor, but it was unable to locate the account. He will pay the debt if it can be identified by a creditor. (Tr. at 20, 24, 43-45; GE 3-6; AE D, F, G)

Applicant planned to pay his debts from his share of his father's estate, but he did not receive it until recently, and dealing with creditors from overseas has been difficult. His father's house was sold in February 2024. He paid other debts, including personal loans, that were not alleged in the SOR. His finances are currently stable. He is earning a good salary while working overseas. He maintains a budget, and he has savings. He credibly testified that he is committed to maintaining his finances responsibly and paying his debts. (Tr. at 38-39, 45-53; AE F)

## **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, Department Counsel 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 and 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; and

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

Applicant developed financial problems, which he attributed to periods of unemployment, moving several times, an expensive dental procedure in 2018 (\$18,220), caring for his ill father, and the death of his parents. He also admitted that he could have done a better job managing his work and finances.

Applicant considered filing bankruptcy, but he is an alcoholic who has been sober for decades. He felt responsible for the debts, and he wanted to pay them. He paid or settled all the SOR debts except for the \$1,205 debt alleged in SOR ¶ 1.g. He called the creditor to pay the debt, but it was unable to locate the account. He will pay the debt if it can be identified by a creditor.

Applicant planned to pay his debts from his share of his father's estate, but he did not receive it until recently, and dealing with creditors from overseas has been difficult. He paid other debts, including personal loans, that were not alleged in the SOR. His finances are currently stable. He is earning a good salary while working overseas. He maintains a budget, and he has savings. He credibly testified that he is committed to maintaining his finances responsibly and paying his debts.

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).

I find that Applicant had 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. The above mitigating conditions are sufficiently applicable to mitigate financial considerations security concerns.

**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. I also considered Applicant's honorable military service.

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.g:	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