



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



In the matter of:)
)
) ISCR Case No. 24-00896
)
Applicant for Security Clearance)

Appearances

For Government: George A. Hawkins, Esq., Department Counsel
For Applicant: *Pro se*

03/06/2025

Decision

COACHER, Robert E., Administrative Judge:

Applicant failed to mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

Statement of the Case

On July 24, 2024, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCSA) issued Applicant a Statement of Reasons (SOR) detailing security concerns under Guideline F (financial considerations). The DCSA acted under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) implemented by the DOD on June 8, 2017.

On August 12, 2024, Applicant answered the SOR and elected to have his case decided on the written record in lieu of a hearing. Department Counsel prepared the Government's File of Relevant Material (FORM), which was sent to Applicant on October 8, 2024. The evidence included in the FORM is identified as Items 3-6 (Items 1 and 2 include pleadings and transmittal information). The FORM was received by Applicant on

November 27, 2024. Applicant was given an opportunity to file objections and submit material in refutation, extenuation, or mitigation. Applicant did not submit any response. The case was assigned to me on February 7, 2025.

Findings of Fact

Applicant is 47 years old. He is seeking a position with a government contractor. He is married, but currently separated, and has no children. He served in the U.S. Navy from 1996 until 2018, when he retired with an honorable discharge. He receives disability payments from the Department of Veterans Affairs. He holds a bachelor's degree. (AE 2, 3)

The SOR alleged Applicant owed five delinquent accounts (credit cards and a residual car loan after repossession), totaling approximately \$33,933. (¶¶ 1.a-1.e) In his SOR answer, Applicant admitted all the debts. He also admitted the debts in his March 2024 answers to interrogatories. The debts are further established as reflected in credit reports from September 2023 and July 2024. (Items 4-6; SOR answer)

The status of the SOR debts is as follows:

SOR ¶ 1.a-\$21,108. This is a delinquent credit card. Applicant claims he accumulated this debt during and after the pandemic because of his multiple relocations. He indicated in his answers to interrogatories in March 2024, he would start making payments toward all his debts in August 2024. He offered no evidence of payment, or of setting up a plan with the creditor. This debt is unresolved. (Items 2, 4-6)

SOR ¶ 1.b-\$364. This is a delinquent credit card. Applicant claims he accumulated this debt during his separation and his relocations during the pandemic. He indicated in his answers to interrogatories in March 2024, he would start making payments toward all his debts in August 2024. He offered no evidence of payment, or of setting up a plan with the creditor. This debt is unresolved. (Items 2, 4-6)

SOR ¶ 1.c-\$3,149. This is a delinquent credit card. Applicant claims he accumulated this debt during his separation and his relocations during the pandemic. He indicated in his answers to interrogatories in March 2024, he would start making payments toward all his debts in August 2024. He offered no evidence of payment, or of setting up a plan with the creditor. This debt is unresolved. (Items 2, 4-6)

SOR ¶ 1.d-\$1,811. This is a delinquent credit card. Applicant claims he accumulated this debt during his separation and his relocations during the pandemic. He indicated in his answers to interrogatories in March 2024, he would start making payments toward all his debts in August 2024. He offered no evidence of payment, or of setting up a plan with the creditor. This debt is unresolved. (Items 2, 4-6)

SOR ¶ 1.e-\$7,501. This is an automobile loan for a repossessed car. Applicant admitted this car was in his name but claimed it belonged to his estranged wife. She failed

to make the payments and the car was repossessed. He indicated in his answers to interrogatories in March 2024, he would start making payments toward all his debts in August 2024. He offered no evidence of payment, or of setting up a plan with the creditor. This debt is unresolved. (Items 2, 4-6)

Applicant's financial worksheet that he completed in March 2024 reflects a net monthly income of approximately \$8,000 and total monthly expenses and debt payments of approximately \$6,500, leaving a monthly remainder of approximately \$1,500. There is no evidence of financial counseling. (Item 4, p.8)

Policies

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(a), 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 sensitive 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 sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive 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

AG ¶ 18 expresses the security concerns for financial considerations:

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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

The guideline notes several conditions that could raise security concerns. I have considered all of them under AG ¶ 19 and the following potentially apply:

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

Applicant has a history of financial difficulties. He incurred five delinquent debts totaling approximately \$33,900. Applicant's admissions and credit reports establish the debts. I find both disqualifying conditions are raised.

The guideline also includes conditions that could mitigate security concerns arising from financial difficulties. I have considered all the mitigating conditions under AG ¶ 20 and the following potentially apply:

- (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's debts remain unresolved and are therefore recent. He did not provide sufficient evidence to show that his financial problems are unlikely to recur. AG ¶ 20(a) does not apply. While the pandemic and separation from his wife were circumstances beyond his control, he failed to present evidence that he took any responsible action to address his debts. AG ¶ 20(b) does apply.

There is no evidence of financial counseling and no evidence that his financial conditions are under control. He has not shown a good-faith effort to address his debts. AG ¶¶ 20(c) and 20(d) do not apply.

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 the 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 guideline and the whole-person concept.

I considered the potentially disqualifying and mitigating conditions in light of the facts and circumstances surrounding this case. Applicant has not established a track record of financial responsibility.

Overall, the record evidence leaves me with questions and doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant failed to mitigate the security concerns arising under Guideline F, financial considerations.

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:	AGAINST APPLICANT
Subparagraphs 1.a-1.e:	Against Applicant

Conclusion

In light of all the circumstances presented by the record in this case, it is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

Robert E. Coacher
Administrative Judge