



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



In the matter of:

ISCR Case No. 24-02174

Applicant for Security Clearance

**Appearances**

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

06/09/2025

**Decision**

LOKEY ANDERSON, Darlene D., Administrative Judge:

**Statement of Case**

On October 6, 2023, Applicant submitted a security clearance application (e-QIP). On January 3, 2025, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCSA CAS) issued Applicant a Statement of Reasons (SOR), detailing security concerns under Guideline F, Financial Considerations. The action was taken under Executive Order 10865 (EO), *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 *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AG), effective within the DoD after June 8, 2017.

Applicant answered the SOR on January 16, 2025, and requested a hearing before an administrative judge. The case was assigned to me on April 3, 2025. The Defense Office of Hearings and Appeals issued a notice of hearing on April 7, 2025,

and the hearing was convened as scheduled on May 7, 2025. The Government offered six exhibits, referred to as Government Exhibits 1 through 6, which were admitted without objection. The Applicant offered two exhibits, referred to as Applicant's Exhibits A and B, which were admitted without objection. Applicant testified but called no witnesses. The record remained open until May 12, 2025, so Applicant could submit additional supporting documentation. He timely submitted two additional documents referred to as Applicant's Post-Hearing Exhibits C and D, which were admitted into evidence without objection. DOHA received the hearing transcript (Tr.) on May 19, 2025.

### **Findings of Fact**

Applicant is 36 years old. He is married, with two children, ages 16 and 18. He attended high school, but he did not graduate. He holds the position of Senior Maintenance Mechanic. He is seeking to obtain a security clearance in connection with his employment.

### **Guideline F - Financial Considerations**

The Government alleged that Applicant is ineligible for a clearance because he made financial decisions that indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which raise questions about his reliability, trustworthiness and ability to protect classified information.

The SOR identified nine delinquent debts totaling approximately \$39,000. Applicant admitted each of the allegations set forth under the guideline. Credit reports of the Applicant dated October 17, 2023; May 29, 2024; and March 28, 2025, confirm the indebtedness set forth in the SOR. (Government Exhibits 4, 5 and 6.) During his previous employment from 2019 to August 2023, Applicant was not always guaranteed a 40-hour work week. Most of the delinquent accounts in the SOR were incurred in 2022, after he had improved his credit rating and purchased a house. At that point, he applied for credit cards and personal loans and spent money he really could not afford on home improvements, furniture, and other things with no real plans on how to pay them off.

In September 2023, Applicant was hired by his current employer. After receiving the SOR in January 2025, he contacted and hired a credit repair company, to assist him in resolving his debts. The credit repair company is trying to negotiate and reach settlement agreements with each of the creditors listed in the SOR. Applicant pays \$420 monthly for their services. He has already made three payments for March, April, and May 2025. (Applicant's Exhibit B.) His intention is to continue making the monthly payments until his delinquent debts are completely resolved.

The following delinquent debts are of security concern:

1.a. Applicant is indebted to a creditor in the amount of \$12,357 for an account that was charged off. This was a personal loan he opened in 2022. He used the money for home improvements and to pay off other bills. The debt has increased to the amount of \$13,796 due to interest and fees. (Tr. p. 35.) The debt is now being handled by the credit repair company. No settlement agreement has yet been reached. (Tr. pp. 52-53.) The debt remains owing.

1.b. Applicant is indebted to a creditor in the amount of \$6,242 for an account that was charged off. This was the cost of concrete that was poured for a walkway at Applicant's house. This account was opened in 2022. He has made no payments on his own towards the debt. The debt is now being handled by the credit repair company. (Tr. pp. 40-41.) He is not sure if a settlement has been reached. The debt remains owing.

1.c. Applicant is indebted to a creditor in the amount of \$4,256 for an account that was placed for collection. Applicant does not recall what he used the account for. He has made no payments on his own towards the debt. The debt is now being handled by the credit repair company. (Tr. p. 43.) He is not sure if a settlement has been reached. The debt remains owing.

1.d. Applicant is indebted to a creditor in the amount of \$1,452 for an account that was placed for collection. This is an account for a cover for the bed of Applicant's truck that was opened in August 2023. He stated that he made payments toward the debt until February 2025. The debt is now being handled by the credit repair company. (Tr. pp. 46-48.) A settlement in the amount of \$726.25 has been reached. The debt remains owing.

1.e. Applicant is indebted to a creditor in the amount of \$783 for an account that was placed for collection. This is a debt owed to Home Depot. The debt is now being handled by the credit repair company. (Tr. p. 48.) A settlement in the amount of \$266 has been reached. (Applicant's Exhibit A, and Tr. p. 53.) The debt remains owing. (Tr. p. 53.)

1.f. Applicant is indebted to a mortgage lender on an account that is past due in the approximate amount of \$7,507 with a total balance of \$362,730. This is Applicant's home mortgage that was four months past due in the amount of \$14,694. (Government Exhibit 6.) Applicant stated that he has reached a settlement with the creditor. His regular monthly payments are \$2,400. The creditor refinanced the mortgage loan, and the deficiency payments were put on the back end of the loan. (Tr. pp. 49-52, and Applicant's Post-Hearing Exhibit D.) The credit repair company has been assisting with these negotiations.

1.g. Applicant is indebted to a creditor in the amount of \$5,204 for an account that was charged off. This is for household furniture. Applicant has made no payments on his own towards the debt. The debt is now being handled by the credit repair company. He is not sure what settlement has been reached. The debt remains owing. (Tr. pp. 51 and 53.)

1.h. Applicant is indebted to a creditor in the amount of \$1,459 for an account that was placed for collection. This was a personal loan that was opened in March 2022. Applicant has made no payments toward the debt. The debt is now being handled by the credit repair company. No settlement has been reached. (Tr. p. 53.) The debt remains owing.

1.i. Applicant is indebted to a creditor in the amount of \$544 for an account that was placed for collection. This was a personal loan that was opened in July 2022. Applicant has made no payments toward the debt. The debt is now being handled by the credit repair company. No settlement has been reached. (Tr. p. 53.) The debt remains owing.

Not listed in the SOR is a delinquent credit card account, opened in 2021, with a limit of \$1,500. The account has been charged up to \$1,700 that remains owing. Applicant stated that he probably used the account for gas and/or food. Applicant has not made any payments to resolve the debt. The debt remains owing. (Government Exhibit 6.)

In 2017, Applicant traveled on vacation to Mexico with his family. In December 2022, he went on a cruise to Puerto Vallarta with his wife, children, and father-in-law. He financed \$2,400, for the cost of the cruise. (Tr. pp. 39-40.)

Applicant's current monthly net income is about \$6,000. After paying his regular monthly expenses, including his mortgage, he has about \$2,500 left at the end of the month. He has nothing in his savings account. He has about \$10,000 in his 401k. He borrowed \$2,000 from his 401k that he is currently in the process of paying back. (Tr. pp. 56-57.)

A letter of recommendation from a professional associate or coworker of the Applicant reflects on Applicant's exceptional integrity, character, and unwavering dedication to the job. Applicant delivers high quality results in his work product and contributes in meaningful ways to the success of the team and their mission. Applicant plays an important role on their team. A security clearance would enable him to continue his vital contributions without interruption. Applicant is said to be proactively addressing his financial concerns and has shown a commitment to upholding his responsibilities. (Applicant's Post-Hearing Exhibit C.)

## Policies

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines (AG). 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 AG ¶ 2 describing the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. 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." In reaching this decision, I have drawn only those conclusions that are reasonable, logical and based on the evidence contained in the record. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

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 clearance 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 as to 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. 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 under AG ¶ 19. Three are potentially applicable in this case:

- (a) inability or unwillingness to satisfy debts;
- (c) a history of not meeting financial obligations; and
- (e) consistent spending beyond one's means or frivolous or irresponsible spending, which may be indicated by excessive indebtedness, significant negative cash flow, a history of late payments or of non-payment or other negative financial indicators.

Applicant has a history of excessive spending without concern for how or when he will pay it back. His actions or inactions both demonstrate a history of not addressing his indebtedness and/or an inability to do so. The evidence is sufficient to raise the above disqualifying conditions.

The following mitigating conditions under the Financial Considerations guideline are potentially applicable under AG ¶ 20.

- (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, or a death, divorce, or separation), and the individual acted responsibly under the circumstances;

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

(e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue.

In 2022, after purchasing his house, Applicant spent money for home improvements, furniture, and other things he wanted. He incurred debt he could not afford to pay, which became delinquent. Following these purchases, for several years he ignored the debts and did not do anything to resolve them. His financial irresponsibility and inaction for so long casts doubt on his current reliability, trustworthiness, and/or good judgment. Applicant now appears to want to resolve his debts, but he has lots of work to do to achieve this. He recently hired a credit repair company and is in the process of trying to reach settlement agreements with his creditors to pay them back. Presently, however, each of the delinquent debts listed in the SOR remain owing. Applicant has done "too little too late" to establish that his financial problems are a thing of the past. He needs more time to show the Government that he will ultimately resolve his financial delinquencies. None of the mitigating conditions are applicable.

There is insufficient evidence in the record to show that Applicant has demonstrated a pattern of responsibility, trustworthiness, and good judgement. Only recently has he done anything to address his indebtedness, and overall, no real progress has been made to resolve even one of his delinquent debts. He continues to owe about \$39,000 in delinquent debt, which is a significant amount of money, to the creditors listed in the SOR. There is insufficient evidence in the record to show that the Applicant has carried his burden of proof to establish mitigation of the government security concerns under Guideline F.

### **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. In the event that Applicant follows through with his commitment to show financial responsibility, sometime in the future he may be found to be sufficiently reliable to properly protect and access classified information, but not at this time.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. I conclude Applicant has not mitigated the Financial Considerations security concern.

### **Formal Findings**

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:

AGAINST APPLICANT

Subparagraphs 1.a. through 1.i.:

Against Applicant

### **Conclusion**

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

Darlene Lokey Anderson  
Administrative Judge