



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



In the matter of: )  
)  
) ISCR Case No. 24-00275  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Carroll J. Connelley, Esq., Department Counsel  
For Applicant: *Pro se*

06/30/2025

**Decision**

OLMOS, Bryan J., Administrative Judge:

Applicant failed to mitigate the security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

**Statement of the Case**

On February 29, 2024, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. The DOD issued the SOR under Executive Order (Exec. Or.) 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 Security Executive Agent Directive 4 (SEAD 4), *National Security Adjudicative Guidelines* (AG), effective June 8, 2017.

Applicant answered the SOR on May 14, 2024 (Answer) and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The hearing convened as scheduled on May 8, 2025. Department Counsel

offered into evidence Government Exhibits (GX) 1-10. Applicant offered into evidence Applicant Exhibit (AX) A. All exhibits were admitted without objection. Applicant testified and the record closed at the conclusion of the hearing. DOHA received the hearing transcript (Tr.) on May 15, 2025.

### **Findings of Fact**

In his Answer to the SOR, Applicant admitted all the SOR allegations without further explanation. His admissions are incorporated into my findings of fact. After a thorough review of the pleadings and evidence submitted, I make the following additional findings of fact.

Applicant is 47 years old. He enlisted in the Air Force from 1999 through 2007 and was honorably discharged as a senior airman (E4). He then worked with Company A from about March 2008 through November 2016. He was earning an annual salary of about \$90,000 but chose to leave the company because of a hostile work environment. In December 2016, he began working with Company B, his current employer, and is a technical specialist. He currently holds a security clearance, which is a requirement for his position. (GX 1-2; Tr. 9-15)

When he started with Company B, Applicant's annual salary was reduced to about \$56,000. This caused Applicant significant financial stress, and he started to rely on credit cards to meet his monthly financial obligations. By 2017, he stopped paying on several of his debts. However, he continued to assist his brother with car payments and insurance and help his mother with various home expenses. (GX 1-2, 5-7; Tr. 20-29)

As Applicant's financial stressors increased, approximately four creditors sought financial judgments against him. In 2019, he considered filing bankruptcy and hired an attorney. Following his consultation with the attorney, he chose not to file bankruptcy. Instead, he believed that the attorney contested several of the judgments. Applicant recalled that at least one of the judgments was paid through wage garnishment, and he believed the other judgments were dismissed. He claimed that the attorney advised him to not resolve any of his remaining delinquent debts. He was told that, based on the age of the debts, they would soon be unenforceable under the state's statute of limitations, and would "fall off" his credit report. He took the attorney's advice and did not attempt to resolve his delinquent debts. (GX 1-2, 5-7; Tr. 25-30, 42-46)

In about May 2020, Applicant received a raise and began earning \$72,800 annually. While this was still less than his previous earnings with Company A, he testified that he was able to meet his financial obligations with this new salary. He did not address his delinquent accounts with these additional funds. Instead, he began making additional equity payments on his mortgage and paid off the loan on his brother's car. (GX 1-2; Tr. 24-26, 45-49)

In his June 2020 security clearance application (SCA), Applicant disclosed several delinquent debts and stated he hired an attorney to “handle these matters.” During his December 2020 background interview with a DOD investigator, he was asked about several debts, including those contained in the SOR. He recognized the delinquent debts, but repeatedly stated he had not received any correspondence stating he owed the debts and was waiting for the debts to be “validated” under state law. He further disclosed that he had not made payment arrangements with any of the creditors. Instead, he purchased a vehicle in November 2020 and highlighted that he received a good rate on the loan. (GX 1-2)

Sometime in 2021, Applicant sought an additional consultation with his attorney about his debts. He recalled being further advised to not address his delinquent accounts. He believed that if he attempted to resolve his delinquent debts, he would extend the statute of limitations and make the debts enforceable. (Tr. 25-30, 40-42)

Following receipt of the February 2024 SOR, Applicant consulted with a debt consolidation company. He claimed the company would not assist him as his debts were already past the statute of limitations and were no longer enforceable. (Tr. 44-46)

In January 2025, Applicant received another raise and now makes an annual salary of about \$89,000. Later that month, he took out a \$49,530 loan and purchased a vehicle. He is making timely monthly payments of \$797 on the vehicle loan. He has no other sources of income and maintains a small retirement account of about \$12,000. In estimating his current budget, he believes he can meet all his current obligations with about \$1,800 remaining each month. (GX 2; AX A; Tr. 35-46)

The SOR allegations reflect about \$85,000 in delinquent accounts, primarily relating to credit cards. In addition to Applicant’s admissions relating to these debts, they are reflected in multiple credit reports from August 2020 through December 2023. The credit reports further reflect that many of the accounts were opened in the early 2000s and went delinquent, beginning in 2016. None the debts reflected in the SOR appear in Applicant’s May 2025 credit report. That report also shows that Applicant has not experienced any new delinquent debts. (GX 4-10; AX A)

Applicant testified that he chose to follow his attorney’s advice to not resolve his delinquent debts even though, at times, he had the financial means to do so. He did not provide any correspondence from his attorney or detail what accounts were discussed during their consultations. He has not been contacted by any of the creditors regarding the delinquent accounts for several years and suspects that the accounts are no longer valid. He noted that the accounts no longer appear on his credit reports. He further detailed that he is in a much better financial situation and has not experienced any new delinquent accounts. (Tr. 35-49)

Applicant provided character-reference letters from four individuals who highlighted his technical proficiency and leadership on the job. Several directly

addressed Applicant's financial difficulties and stated their belief that he was financially responsible and had taken steps to better his circumstances. They all noted that he exhibited the reliability, trustworthiness and exercise of good judgment necessary to maintain a security clearance. (Answer)

## **Policies**

It is well established that no one has a right to a security clearance. As the Supreme Court held in *Department of the Navy v. Egan*, "the clearly consistent standard indicates that security determinations should err, if they must, on the side of denials." 484 U.S. 518, 531 (1988)

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 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, these guidelines are applied 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." 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 not drawn 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, an "applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel and 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.

## **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 financial security concern is broader than the possibility that an individual might knowingly compromise classified information to raise money. It encompasses concerns about an individual's self-control, judgment, and other qualities essential to protecting classified information. An individual who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012)

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

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts regardless of the ability to do so; and
- (c) a history of not meeting financial obligations.

Applicant has a history of delinquent debts and financial problems. The evidence reflects that he first experienced financial difficulties when he left Company A in 2016 and took a substantial pay cut when he started with Company B. He experienced several years where he was unable to satisfy his debts.

However, Applicant also chose to help his family financially over resolving his delinquent debts. When he received a significant raise in 2020, he again chose not to

resolve his delinquent debts. Instead, he began making extra equity payments on his home mortgage and paid off a vehicle loan. Even after receiving the SOR in 2024 and another pay raise in January 2025, he chose to purchase a vehicle instead of resolving his delinquent accounts. Over the last several years, Applicant repeatedly declined to address his debts even though he was capable. AG ¶¶ 19(a), 19(b) and 19(c) are applicable.

Once delinquent debt is established, an applicant has the burden of presenting evidence to refute, explain, extenuate, or mitigate the security concerns arising from those debts. See ISCR 20-03146 at 3 (App. Bd. June 6, 2022). The fact that a debt no longer appears on a credit report does not establish any meaningful, independent evidence as to the disposition of the debt. See ISCR Case No. 14-03612 at 3 (App. Bd. Aug. 15, 2015).

I have considered the mitigating conditions under AG ¶ 20, and 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;
- (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.

Applicant's financial difficulties began with his decision to leave Company A and take a pay cut to work with Company B. While he claimed he left Company A because of a hostile work environment, the timing of his departure and his decision to work with Company B were within his control. He also continued to support his family while

experiencing financial difficulties. Since these events in 2016, he has not initiated a good-faith effort to repay creditors or taken responsible action to resolve his delinquent debts. As the debts are ongoing, it cannot be said that the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur. Mitigating factors under AG ¶¶ 20(a), 20(b) and 20(d) are not applicable.

Instead of paying his debts, Applicant relied on the advice of an attorney to take no action and allow the debts to become unenforceable under the statute of limitations with the understanding that the debts would eventually be removed from his credit report. He continued to take no action on the debts after disclosing financial judgments in his 2020 SCA and being asked about his delinquent accounts during his December 2020 interview with a DOD investigator. Even after receipt of the February 2024 SOR detailing the security concerns, he took no action to resolve his delinquent accounts. He claimed he spoke with a debt consolidation company but was informed that the debts were too old for the company to resolve.

Applicant's reliance on the statute of limitations does not constitute a good-faith effort to resolve debts. See ISCR Case No. 14-01231 at 3 (App. Bd. Feb. 10, 2015). Debts that are barred by the statute of limitations or have been removed from a credit report may still be considered in what they reveal about an applicant's security worthiness. See ISCR Case No. 21-00748 (App. Bd. June 2, 2022).

Applicant has not established that the attorney's recommendations constituted financial counseling and there is no indication that the financial concern is being resolved or is under control. He has not established that he is contesting the legitimacy of the debts, only their enforceability within the statute of limitations. AG ¶¶ 20(c) and 20(e) are not applicable.

There is insufficient evidence for a determination that Applicant's financial problems will be resolved within a reasonable period. I am unable to find that he acted responsibly under the circumstances or that he made a good-faith effort to pay his debts. His financial issues continue to cast doubt on his current reliability, trustworthiness, and judgment. None of the mitigating conditions are applicable.

### **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 considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis. I also considered Applicant's favorable character evidence.

Applicant's income has improved since he left Company A in 2016. He has additionally not experienced any new delinquent accounts and is able to maintain a monthly budget. However, his initial inability to pay his debts and his ongoing refusal to address those debts leaves questions and doubts about his eligibility and suitability for a security clearance. He has not yet established a sufficient track record of responsible action to mitigate 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:

AGAINST APPLICANT

Subparagraphs 1.a – 1.i:

Against Applicant

### **Conclusion**

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

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Bryan J. Olmos  
Administrative Judge