



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



In the matter of: )  
 )  
 ) ISCR Case No. 24-00067  
 )  
Applicant for Security Clearance )

**Appearances**

For Government: Rhett E. Petcher, Esq., Department Counsel  
For Applicant: *Pro se*

07/25/2025

**Decision**

HALE, Charles C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

**Statement of the Case**

Applicant submitted a security clearance application (SCA) on September 1, 2022. On January 26, 2024, the Department of Defense (DoD) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DoD acted 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 adjudicative guidelines (AG) promulgated in Security Executive Agent Directive 4, National Security Adjudicative Guidelines (December 10, 2016).

Applicant answered the SOR on August 28, 2024, and requested a hearing before an administrative judge. Department Counsel was ready to proceed on September 30, 2024, and the case was assigned to me on April 2, 2025. On May 6, 2025, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled

for June 10, 2025, and at Applicant's request the hearing was rescheduled for June 25, 2025. I convened the hearing as rescheduled. Government Exhibits (GE) 1 through 7 were admitted in evidence without objection. Applicant testified but did not submit any documentary evidence. He did not present any witness testimony. I held the record open until July 23, 2025, to enable either side to submit documentary evidence. Applicant submitted six images, which have been marked Applicant Exhibit (AE) A through AE F and his statement in his email was marked as AE G, and all were admitted into evidence. AE F was admitted over the Government's objection. DOHA received the transcript (Tr.) on July 8, 2025.

### Findings of Fact

Applicant admitted all debts alleged, SOR ¶¶ 1.a through 1.e. His admissions are incorporated into the findings of fact.

Applicant is a 46-year-old communications technician. He served honorably in the U.S. Army as a signal support system specialist from 2000 to 2004. After he was discharged from the Army he has worked in this field to the present. He regularly travels overseas for work. He has held a security clearance since 2000. (GE 1; GE 2; Tr. 18-20.)

Applicant has never married and has no children. From 2018 until December 2024, he had a girlfriend who resided in a Central American country. He took regular trips, at least once a year, to visit her, which he disclosed on his security clearance application. He sent her about \$3,000 a year. Round trip flights were around \$500. He had hotel and rental car expenses on top of his airfare. In 2023, he took three trips to see his girlfriend, and he also flew her to a Caribbean island where he and his family were vacationing. (GE 1; Tr. 59-63.)

In his February 28, 2023 interview with a DoD investigator, Applicant discussed his financial situation. He estimated his monthly household income was \$5,600, with monthly expenses of \$2,000. He reported his monthly expenses as \$345, for credit card payments, cell phone, and various memberships. He indicated he had \$13,600 in assets, with a checking account balance of \$1,800 and a car valued at \$12,000. The interview continued in June 2023 after Applicant returned from an overseas trip. He and the investigator discussed the debts alleged in SOR 1.a, 1.d, and 1.e. (GE 2.)

### Guideline F

**SOR ¶ 1.a: You are indebted to a [debt collection company] for an account that has been placed for collection by [your property manager] in the approximate amount of \$21,483.00. As of the date of this Statement of Reasons, the account remains delinquent.** Applicant discussed the debt with the DoD investigator in June 2023, which he was not aware of at the time of interview and stated he would investigate the matter. In response to Government interrogatories, he stated that there was a discrepancy about his move-out date and as a result he was still being charged rent. He testified when he submitted his interrogatory answers, he still did not believe it was a

legitimate debt and said it had been “fabricated.” He admitted at the hearing he did not comply with the lease termination provisions when he moved out and turned in his keys and parking pass to the concierge. As a result, his lease was renewed, and he had stopped his lease payments. He testified he did not realize he had not complied with the lease until a coworker identified the issue while he was working on his SCA. He testified he recently received an offer from the creditor to settle the account for \$10,000. He testified he has not made any payments towards the debt. After the hearing he offered an image from his debit card “transaction details” page indicating he had paid his property manager \$10,741.53 on July 15, 2025, and a letter dated July 17, 2025, from the property manager stating the debt was satisfied. (GE 2; GE 4; GE 6; GE 7; AE A; AE E; Tr. 12-13, 30-36.)

**SOR ¶ 1.b: You are indebted to [a debt collector] for an account that has been placed for collection by [a car dealer] in the approximate amount of \$5,161. As of the date of this Statement of Reasons, the account remains delinquent.** Applicant admitted responsibility for this debt in his Answer and stated he had taken no action on the debt. He stopped making payments in 2023. He did not have the account set to automatically pay each month. He made the payments himself by logging onto the account. He testified he has not been in contact with the creditor. In his post-hearing submission, he stated this was his last remaining bill and that he made a payment with them the day prior to the submission deadline, and he now has a monthly pay plan. He stated he anticipated having it paid off in a couple weeks. (Answer; GE 6; GE 7; AE G; Tr. 40, 55.)

**SOR ¶ 1.c: You are indebted to [a debt collector] for an account that has been placed for collection by [a cable provider] in the approximate amount of \$80. As of the date of this Statement of Reasons, the account remains delinquent.** Applicant in his Answer admitted the debt. He had taken no action on the debt. He testified “No update on status, but I clearly didn’t pay that out today.” He stated he probably forgot about the debt. After the hearing he offered an image of an email dated July 17, 2025, stating his payment of \$80.37 had been successfully processed but the debt collector does not match with the debt collector listed in the SOR. (Answer; GE 7; AE F; Tr. 40.)

**SOR ¶ 1.d: You are indebted to [credit card company] on an account that has been charged off in the approximate amount of \$1,263. As of the date of this Statement of Reasons, the account remains delinquent.** Applicant stopped making payments on his credit card. In his Answer, he admitted the debt and he confirmed the account in his testimony. He discussed the debt with the DoD investigator in February and June of 2023 and acknowledged to the investigator he had the means to pay off the debt. He told the investigator he had “no real reason or excuse” for why he had not made any payments on the debt. At the hearing he stated he had not made any payments, but that the month prior he had contacted the creditor and was waiting to hear back from the creditor about settlement. He cited his recent move and trying to accumulate savings for waiting to initiate contact with the creditor. After the hearing he offered an image of a payment schedule dated July 18, 2025, stating his agreed-upon payments were \$1,137.48, and if he failed to comply with the plan, he would owe the full amount of

\$1,263.87. He offered images of his account showing his balance with the credit card company was now zero. (GE 2; GE 4; AE B-AE D; Tr. 41-42.)

**SOR ¶ 1.e: You are indebted to [debt collector] for an account that has been placed for collection by [an electrical company] in the approximate amount of \$290. As of the date of this Statement of Reasons, the account remains delinquent.** In his Answer, Applicant admitted the debt and confirmed the account in his testimony. He discussed the debt with the DoD investigator in the June 2023 interview and told the investigator he planned to pay it in July upon his return from an overseas trip. He has not made any payments on the debt. At the hearing he stated the account was in dispute. (GE 2; GE 4; Tr. 42, 58.)

As mitigation, Applicant testified he had reduced his living expenses by moving in with his parents. His father gifted him a vehicle so he would not have a car payment. (Tr. 7, 13, 20-21, 58-59.)

### **Policies**

“[N]o one has a ‘right’ to a security clearance.” *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). As Commander in Chief, the President has the authority to “control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information.” *Id.* at 527. The President has authorized the Secretary of Defense or his designee to grant applicants eligibility for access to classified information “only upon a finding that it is clearly consistent with the national interest to do so.” Exec. Or. 10865 § 2.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, an administrative judge applies these guidelines in conjunction with an evaluation of the whole person. An administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available and reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. Decisions include, by necessity, consideration of the possible risk that the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about potential, rather than actual, risk of compromise of classified information.

Clearance decisions must be made “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” Exec. Or. 10865 § 7. Thus, a decision to deny a security clearance is merely an indication the applicant

has not met the strict guidelines the President and the Secretary of Defense have established for issuing a clearance.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. See *Egan*, 484 U.S. at 531. “Substantial evidence” is “more than a scintilla but less than a preponderance.” See *v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant’s security suitability. See ISCR Case No. 15-01253 at 3 (App. Bd. Apr. 20, 2016).

Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant has the burden of proving a mitigating condition, and the burden of disproving it never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005).

An applicant “has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his security clearance.” ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). “[S]ecurity clearance determinations should err, if they must, on the side of denials.” *Egan*, 484 U.S. at 531.

## **Analysis**

### **Guideline F, Financial Considerations**

The security concern under this guideline 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. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. . . .

This concern is broader than the possibility that a person might knowingly compromise classified information to raise money. It encompasses concerns about a person’s self-control, judgment, and other qualities essential to protecting classified information. A person 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).

Applicant’s admissions and the documentary evidence establish the following

disqualifying conditions under this guideline: AG ¶ 19(a) (inability to satisfy debts) and AG ¶ 19(c) (a history of not meeting financial obligations).

The following mitigating conditions under AG ¶ 20 are relevant:

(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;

(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.

AG ¶¶ 20(a), 20(b), and 20(d) are not applicable. Applicant's financial difficulties may have resulted in part because of a landlord - tenant dispute, which could be a circumstance beyond his control. However, by his own admission, he did not comply with the lease. The credit reports do not support his testimony that he disputed the utility account. Applicant was on notice in 2023 of at least three of the alleged debts and instead he elected to use discretionary money to travel to Central America several times a year to visit his girlfriend, while his accounts were delinquent. Applicant has not acted responsibly under the circumstances, and this casts doubt on his current reliability, trustworthiness, and good judgment.

An applicant must initiate and adhere "to a good faith effort to repay overdue creditors or otherwise resolve debts" to receive full credit under AG ¶ 20(d). See ISCR Case No. 08-06058 at 5 (App. Bd. Sep. 21, 2009). Evidence of past irresponsibility is not mitigated by payment of debts only under pressure of qualifying for a security clearance. Applicant did not offer any documentation of payment actions or his contacts with creditors, about potential settlements, until after the hearing. His actions are reactive to the security clearance process. He failed to show a track record of payments to his creditors or good-faith efforts in regard to his delinquent debts until his security clearance was in jeopardy. Applicants who begin to address their security-significant conduct only when their personal interests are at stake may be lacking in judgment and reliability. ISCR Case No. 16-01211 (App. Bd. May 30, 2018). A security clearance adjudication is an evaluation of an individual's judgment, reliability, and trustworthiness. It is not a debt-collection procedure. ISCR Case No. 09-02160 (App. Bd. Jun. 21, 2010.) Even if an

applicant has paid his or her debts, an administrative judge may still consider the circumstances underlying the debts for what they may reveal about the applicant's eligibility for a clearance. ISCR Case No. 14-02394 (App. Bd. Aug. 17, 2015.) AG ¶ 20(d) does not apply.

### **Whole-Person Concept**

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 applying the whole-person concept, an 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. An 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.

I have considered Applicant's honorable military service and his long history of continuous employment and work overseas. However, after weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, and mindful of my obligation to resolve close cases in favor of national security, I conclude Applicant has not mitigated the security concerns based on financial considerations.

### **Formal Findings**

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a-1.e:	Against Applicant

### **Conclusion**

I conclude that it is not clearly consistent with the national interest to grant Applicant eligibility for access to classified information. Clearance is denied.

Charles C. Hale  
Administrative Judge