



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



In the matter of:)	
)	
)	ISCR Case No. 24-02180
)	
Applicant for Security Clearance)	

Appearances

For Government:
Andrew Henderson, Esquire, Department Counsel

For Applicant:
Grant Couch, Esquire
The Edmunds Law Firm

07/15/2025

Decision

ROSS, Wilford H., Administrative Judge:

Applicant mitigated the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

On January 8, 2025, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. The action

was taken 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) implemented by the DOD on June 8, 2017.

Applicant responded to the SOR in writing (Answer) on March 11, 2025, including attachments, and requested a hearing before an administrative judge. Department Counsel was prepared to proceed on April 15, 2025. The case was assigned to me on April 22, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on April 28, 2025. I convened the hearing as scheduled on June 11, 2025. The Government offered Government Exhibits 1 through 9, which were admitted without objection. Applicant testified on his own behalf and submitted Applicant Exhibits A through Q. Applicant's exhibits were admitted without objection. He asked that the record remain open for the receipt of additional documentation. He timely submitted Applicant Exhibits R through W, which were also admitted without objection. DOHA received the transcript of the hearing (Tr.) on June 27, 2025.

Findings of Fact

Applicant is 48 years old, married for the second time, and has five children. He has a bachelor's degree. He is employed by a defense contractor as a project manager. He served on active duty with the Marine Corps from 1996 to 2006 and received an Honorable Discharge. (Government Exhibit 1 at Sections 12, 13A, 15, and 17; Applicant Exhibits J and W; Tr. 38-41.)

Paragraph 1 (Guideline F, Financial Considerations)

The Government alleges in this paragraph that Applicant is ineligible for clearance because he is financially overextended and therefore potentially unreliable, untrustworthy, or at risk of having to engage in illegal acts to generate funds. Applicant admitted allegations 1.a, 1.b, 1.d, 1.e, 1.f, 1.g, 1.h, 1.i, 1.j, and 1.l under this guideline with clarifications. He denied allegations 1.c and 1.k with explanations.

Based on the available documentary evidence Applicant is alleged to owe approximately \$31,676 in past-due or charged-off debts. The Government provided credit reports of Applicant dated May 22, 2012; July 16, 2021; September 19, 2024; and June 6, 2025, supporting the existence of the debts. (Government Exhibits 4, 5, 6, and 9.) The debts are admitted by Applicant in his responses in Section 26 of his Electronic Questionnaire for Investigations Processing, dated June 16, 2021. (Government Exhibit

1.) The existence of the debts is supported by admissions of Applicant in responses to interrogatories dated August 7, 2023. (Government Exhibit 2.) The existence of the debts is also supported by his admissions to an authorized investigator from the Office of Personnel Management during an interview on July 22, 2021. (Government Exhibit 3.)

Applicant states that the majority of his past-due indebtedness occurred after he lost his job in 2015. He was unemployed or under-employed until he was hired by his current company in 2017. His in-laws left the family home at approximately the same time. They had been providing additional financial support for Applicant and his family. He admitted that he was not financially educated at that time. (Tr. 32-33, 42-44, 49-50, 56-60.)

Starting in 2021 Applicant began working with a credit repair organization. They provided budgeting training and helped him negotiate with his creditors. He also educated himself on financial stability and budgeting. He developed a payment plan that is based on a quarterly cycle. He has been successfully working the plan for several years and evinces a credible intent to continue the plan into the future. (Government Exhibit 2 at 25-26; Applicant Exhibit A; Tr. 26, 50-51, 60-61.)

The current status of the debts alleged in the SOR is as follows:

1.a. Applicant admitted that he owed a creditor \$8,560 for a past-due debt. No payments have been made on this debt. He stated that it is part of his debt repayment plan, and he is due to begin making payments on it starting in the second quarter of 2026 at the rate of \$250 a month. This debt is not resolved. (Applicant Exhibit A; Tr. 25-26, 47.)

1.b. Applicant admitted that he owed a creditor \$4,015 for a past-due debt. No payments have been made on this debt. He stated that it is part of his debt repayment plan, and he is due to begin making payments on it starting in the fourth quarter of 2025 at the rate of \$200 a month. This debt is not resolved. (Applicant Exhibit A; Tr. 26, 56.)

1.c. Applicant denied that he owed a creditor \$3,818 for a past-due debt. This debt was paid in 2023, as shown by documentation. This debt has been resolved. (Applicant Exhibits A and B; Tr. 26-27, 49.)

1.d. Applicant admitted that he owed a creditor \$2,389 for a past-due debt. No payments have been made on this debt. He stated that it is part of his debt repayment plan, and he is due to begin making payments on it starting in the third quarter of 2025 at the rate of \$150 a month. This debt is not resolved. (Applicant Exhibit A; Tr. 27.)

1.e. Applicant admitted that he owed a creditor \$2,257 for a past-due debt. No payments have been made on this debt. He stated that it is part of his debt repayment plan, and he is due to begin making payments on it starting in the first quarter of 2026 at the rate of \$150 a month. This debt is not resolved. (Applicant Exhibit A; Tr. 27-28.)

1.f. Applicant admitted that he owed this creditor \$2,054 for a past-due debt. He stated that it is part of his debt repayment plan and that he has been making timely monthly payments on it since August 2024. He has two payments left to satisfy his agreement with the creditor. He submitted documentation supporting his statements. This debt is being resolved. (Applicant Exhibits A, C, D, and P; Tr. 28.)

1.g. Applicant admitted that he owed this creditor \$1,996 for a past-due debt. No payments have been made on this debt. He stated that it is part of his debt repayment plan, and he is due to begin making payments on it starting in the third quarter of 2025 at the rate of \$150 a month. This debt is not resolved. (Applicant Exhibit A; Tr. 28-29, 56.)

1.h. Applicant admitted that he owed this creditor \$923 for a past-due debt. He recently made a payment arrangement with the creditor and made the first payment in fulfillment of the agreement. This debt is being resolved. (Applicant Exhibits A and Q; Tr. 29.)

1.i. Applicant denied that he owed a creditor \$763 for a past-due debt. The creditor agreed that there were errors in reporting the debt and it was deleted from his credit report. This debt has been resolved through dispute. (Applicant Exhibits A, S, and V; Tr. 29-30, 55-56.)

1.j. Applicant admitted that he owed this creditor \$2,358 for a past-due debt. No payments have been made on this debt. He stated that it is part of his debt repayment plan, and he is due to begin making payments on it starting in the fourth quarter of 2025 at the rate of \$150 a month. However, Government Exhibit 5, the July 16, 2021 credit report at page 8 states with regard to this account, "Possible Balance Due." This debt does not appear on the most recent credit report in the record, dated June 6, 2025. Based on the state of the record, this debt is not proven. (Government Exhibits 5 and 9; Applicant Exhibit A; Tr. 30-31, 49-50.)

1.k. Applicant denied that he owed this creditor \$1,843 for a past-due debt. He stated that he had no knowledge of this debt. The credit reporting agency did an investigation after he filed a dispute and deleted the account. This debt has been resolved through dispute. (Government Exhibit 2 at 16-17; Tr. 31-32, 55-56.)

1.I. Applicant admitted that he owed this creditor \$700 for a past-due debt. However, after being contacted by Applicant the credit grantor conducted an audit of the account and determined that he did not have a delinquent debt with them. This is confirmed by a letter from the credit grantor dated June 5, 2025. This debt has been resolved through dispute. (Applicant Exhibit R; Tr. 32, 55-56.)

Mitigation

Applicant is a very successful and respected employee. This is supported by letters from his supervisors, and other fellow employees. He has received awards and recognition for his work performance. (Applicant Exhibits E, F, G, L, and M; Tr. 36-38.)

Financially, Applicant is stable. He is able to pay his debts with his income. He attended credit counseling to assist himself in maintaining financial stability. He has a budget and, as discussed above, a plan that he is following religiously to repay all his past-due indebtedness within an approximately five-year period. He submitted documentation with his interrogatory responses showing that he had paid a substantial debt not alleged in the SOR. (Government Exhibit 2 at 2-7, 25-26; Applicant Exhibits T and U; Tr. 34-38, 65-68.)

Policies

When evaluating an applicant's national security eligibility for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines (AG) list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's national security eligibility.

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 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 applicable guidelines in the context 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, "Any 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. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to 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, and has the ultimate burden of persuasion as to obtaining 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 national security eligibility. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified or sensitive information. Finally, as emphasized in Section 7 of Executive Order 10865, “Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See *also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

Analysis

Paragraph 1 (Guideline F, Financial Considerations)

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

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.

AG ¶ 19 describes two conditions that could raise security concerns and may be disqualifying in this case:

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

Applicant was alleged to have twelve delinquent debts approximately \$31,676 that he had not paid. AG ¶¶ 19(a) and (c) apply. The burden thereby shifts to Applicant to mitigate the adverse inference of his delinquent debts.

The guideline includes four conditions in AG ¶ 20 that could mitigate the security concerns arising from Applicant's alleged financial difficulties:

- (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, 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 had financial issues for several years. They were the result of a job loss, his in-laws moving and depriving him of additional funds, and admitted poor budgeting and overspending on his part. Starting in 2021 Applicant began working with a credit repair service. With their help he received budget training, established a budget, came up with a reasonable plan, and began executing that plan. Evidence has been submitted showing that one debt in the SOR has been paid in full. Two other debts are currently

being paid. One debt was unproven. Three debts were removed from his credit report after he filed a dispute. He has yet to begin resolving five debts, but his substantial and proven conduct shows that he will continue to resolve his indebtedness in accordance with his plan. AG ¶¶ 20(a), (b), (c), and (d) apply to those debts.

In support of these findings, I cite the Appeal Board's decision in ISCR Case No. 07-06482 at 3 (App. Bd. May 21, 2008) for the proposition that the adjudicative guidelines do not require that an applicant be debt-free. The Board's guidance for adjudications in cases such as this is the following:

. . . an applicant is not required, as a matter of law, to establish that he has paid off each and every debt listed in the SOR. All that is required is that an applicant demonstrate that he has established a plan to resolve his financial problems and taken significant actions to implement that plan. The Judge can reasonably consider the entirety of an applicant's financial situation and his actions in evaluating the extent to which that applicant's plan for the reduction of his outstanding indebtedness is credible and realistic. There is no requirement that a plan provide for payments on all outstanding debts simultaneously. Rather, a reasonable plan (and concomitant conduct) may provide for the payments of such debts one at a time. (Internal citations and quotation marks omitted.)

Based on all of the available evidence, Applicant has mitigated the security concerns of this guideline.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility 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 national security 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 pertinent facts and circumstances surrounding this case. Applicant has fully mitigated the security concerns of his financial conduct. As stated elsewhere in this decision, and supported by the evidence, Applicant is a talented and successful person who works hard at his job. He has resolved, or is resolving, his financial situation. Such financial difficulties will not occur in the future. His conduct has earned him the privilege of being granted national security eligibility. Paragraph 1 is found for Applicant.

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:

FOR APPLICANT

Subparagraphs 1.a through 1.i:

For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant or continue Applicant's national security eligibility for a security clearance. Eligibility for access to classified information is granted.

WILFORD H. ROSS
Administrative Judge