



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



In the matter of:)
)
) ISCR Case No. 24-01070
)
Applicant for Security Clearance)

Appearances

For Government: Jenny Bayer, Esq., Department Counsel
For Applicant: *Pro se*

08/18/2025

Decision

BLAZEWICK, Robert B., Chief Administrative Judge:

Applicant did not mitigate the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

On October 2, 2024, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. Applicant responded to the SOR on January 24, 2025 (Answer) and requested a decision on the written record in lieu of a hearing. The Government's written case was submitted on February 5, 2025. A complete copy of the file of relevant material (FORM) was provided to Applicant, who was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on March 3, 2025. He timely submitted documentation which I labeled as Applicant's Exhibit (AE) A. The case was assigned on May 30, 2025. The Government exhibits included in the FORM and AE A are admitted in evidence without objection.

Findings of Fact

The SOR alleges Applicant has eight delinquent debts totaling \$27,527. He denied all the allegations but did not provide supporting documentation. All the allegations are supported by Applicant's February and November 2023 credit bureau reports (CBR). (Items 7, 8)

Applicant is 56 years old. He has been married since 1997 and has one adult child and one adult stepchild. He has been employed by a defense contractor since May 2022. He was previously unemployed from July 2018 to October 2018. He was granted a security clearance in 2019. (Items 3, 4)

Applicant did not report any financial issues on his 2023 security clearance application. When interviewed by a government investigator in 2023 (SI), he disclosed a previously repossessed vehicle that he was able to redeem. He had to be confronted with additional delinquent debts on his CBR. He did not recognize any of the accounts and told the investigator he would need to look into them to determine if they were legitimate. He believed he did not owe the debts, and he told the investigator that he would have to discuss them with his wife because she handles their finances. (Item 10)

Applicant further told the investigator that he was "making ends meet" and had about \$500 in savings. He described his situation as "living paycheck to paycheck" due to the difference in income from working overseas to coming back to work in the U.S. Applicant subsequently made contact with the investigator to inform them that, in April 2023, he had disputed all the accounts they had discussed (all the delinquent accounts listed on the February 2023 CBR), and he provided screenshots of the disputes and a fraud alert he had set up. He also provided a breakdown of his budget, which reflected that he had a net monthly remainder of \$920 and assets worth about \$111,000. (Items 6, 10)

In his January 2024 response to government interrogatories, Applicant reported that he had not paid any of the listed debts. He again described his situation as "living paycheck to paycheck" and stated that he moved to an area with better pay in the past year, and that he had consulted with a debt settlement program. He did not provide an update on the outcome of the disputes he filed in 2023, nor any further information about the debt settlement program. He stated that he "would never jeopardize my security position at my job for any reason!!" He provided an updated budget, which reflects a net monthly remainder of \$1,731.

In his response to the FORM, Applicant submitted a letter from his site project manager. The manager spoke highly of Applicant's enthusiasm, communication skills, and professional demeanor. He described Applicant as reliable, dedicated, and eternally upbeat, stating "[Applicant] is a hardworking, top performing Hazmat Professional. He has my highest recommendation" (AE A)

SOR ¶¶ 1.a – 1.c and 1.e – 1.h are all listed as alleged on the February 2023 CBR. SOR ¶¶ 1.a – 1.f are all listed as alleged on the November 2023 CBR. The February 2025 CBR lists all eight debts with the balances as alleged on the SOR. It also provides further insight into SOR ¶¶ 1.e and 1.f, both of which are alleged on the SOR as charge offs, but without monetary amounts. The 2025 CBR shows that SOR ¶ 1.e was charged off in the amount of \$8,786 and sold to a debt consolidator. It also shows that SOR ¶ 1.f was sold to a purchaser of charged-off accounts and is duplicative with the debt alleged in SOR ¶ 1.d. (Items 7-9)

Policies

This case is adjudicated under Executive Order 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.

“[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 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. 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 evidence in the FORM, specifically the three CBRs, 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 evidence in the 2025 CBR shows that SOR ¶ 1.f is duplicative with SOR ¶ 1.d. SOR ¶ 1.f is found for Applicant.

The following mitigating conditions are potentially applicable:

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;

AG ¶ 20(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; and

AG ¶ 20(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 stated in his SI that he thought the delinquent debts could be fraudulent and submitted evidence that he filed disputes and put a fraud alert on his account. He never explained what the basis to dispute the legitimacy of the debts was, nor did he provide evidence showing the outcome of the disputes. Tellingly, all disputed accounts are still listed on his most recent CBR. AG ¶ 20(e) is not established.

Applicant indicated in his SI and response to interrogatories that he had been experiencing financial struggles, but because he denied the debts and, contended they were not legitimate, there is little specific evidence in the record explaining the circumstances that led to their delinquencies. They all remain delinquent; therefore, the financial concerns are recent and not infrequent. There is no evidence they arose due to circumstances unlikely to recur. He did not provide any proof of responsible action taken toward the debts, so even if they had arisen under circumstances beyond his control, they are not mitigated. AG ¶¶ 20(a) and 20(b) are not established.

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 incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). Because Applicant requested a determination on the record without a hearing, I had no opportunity to evaluate his credibility and sincerity based on demeanor. See ISCR Case No. 01-12350 at 3-4 (App. Bd. Jul. 23, 2003). After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concerns raised 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-e:	Against Applicant
Subparagraph 1.f:	For Applicant
Subparagraphs 1.g-h:	Against Applicant

Conclusion

I conclude it is not clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is denied.

Robert B. Blazewick
Chief Administrative Judge