



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



In the matter of:)
)
) ISCR Case No. 24-01286
)
Applicant for Security Clearance)

Appearances

For Government: Nicholas T. Temple, Esq., Department Counsel
For Applicant: *Pro se*

09/12/2025

Decision

BORGSTROM, Eric H., Administrative Judge:

Applicant did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

Statement of the Case

On August 15, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). The DCSA acted under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (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.

In Applicant's September 10, 2024 response to the SOR (Answer), he admitted all five delinquent debts. He claimed settlement agreements for three accounts (SOR ¶¶ 1.c.-1.e.), and he provided documents showing settlement agreements, scheduled payments, two completed payments, and completion of an online financial-management course. He requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge. (Answer)

On November 25, 2024, the Government was ready to proceed to a hearing. I was assigned this case on April 10, 2025. On May 29, 2025, a notice was issued scheduling the hearing for June 17, 2025, by video teleconference. The hearing proceeded as scheduled. The Government proffered four evidentiary exhibits, and I admitted Government Exhibits (GE) 1 through 4, without objection. Applicant testified and submitted three exhibits, which I admitted as Applicant Exhibits (AE) A through C, without objection. At Applicant's request, I held the record open until July 17, 2025. I received the transcript on June 25, 2025. Applicant timely submitted a three-page monthly budget, which I admitted as AE D, without objection. The record closed on July 17, 2025.

Findings of Fact

Applicant is 35 years old. He graduated from high school in 2009. He earned his associate degree in March 2024, and he continues to attend college in pursuit of his bachelor's degree. He served on active duty in the U.S. Navy from May 2011 to March 2021, when he was honorably discharged. He achieved the rank of petty officer first class (E-6). He was granted a top secret clearance with access to sensitive-compartmented information in about May 2011. He has never legally married, and he does not have any children. He has resided with a couple and their two minor children for approximately five years, and he considers himself married to the couple and their children to be his children. (GE 1; Tr. 23-27)

Following his military discharge, Applicant was employed full time as a production line worker (\$19 an hour) for a private company from April to October 2021. He then was employed part time (typically 20 hours a week at \$13 an hour) as a technician at a retail store from October 2021 to August 2023. Since August 2023, he has been employed full time as a technician with a DOD contractor. He earns approximately \$23 an hour. He did not have any disciplinary actions in the Navy or in his civilian positions. (GE 1; Tr. 25, 28-30)

On October 16, 2023, Applicant completed and certified an Electronic Questionnaire for Investigations Processing (e-QIP). Under Section 26 – Financial Record, he reported his delinquent vehicle loan (SOR ¶ 1.a.) and one delinquent credit-card account (SOR ¶ 1.d.). At the time he completed his e-QIP, both accounts remained delinquent. (GE 1)

On December 12, 2023, Applicant was interviewed by an authorized investigator on behalf of the Office of Personnel Management (OPM). As of the interview, he continued to possess the vehicle linked with the charged-off vehicle loan (SOR ¶ 1.a.). He admitted he had not made any payments since its delinquency. He expressed his intent to contact the creditor when he could afford payments. He also admitted the debts in SOR ¶¶ 1.b., 1.d., and 1.e., and he had not made any debt-resolution efforts on these accounts. (GE 4)

The SOR alleges financial considerations security concerns arising from five delinquent accounts totaling approximately \$38,509.

SOR ¶ 1.a. Applicant incurred this vehicle loan in February 2017 to purchase a classic car. At the time, he was paying \$300 monthly for a vehicle for daily use and was required to pay \$700 monthly for the classic car vehicle loan. He was unable to fulfill his other monthly financial obligations and the \$700 car payment. He testified that he ceased payments on the vehicle loan in about 2018, and it was charged off in the approximate amount of \$34,560. As of the hearing, the vehicle remained in his garage. He expressed his intent to make payments when he had “extra money” to do so, but he has not initiated contact with the creditor or made any payments since 2018. He uses another vehicle for his daily driving, and he has not considered selling the vehicle or taken steps to surrender the vehicle to resolve the debt. He expressed his interest in retaining the vehicle. (Answer; GE 1-2; Tr. 36-38, 42)

SOR ¶ 1.b. This credit-card account was opened in October 2016, became delinquent in about March 2018, and was charged off in November 2018 in the approximate amount of \$2,845. Applicant has not initiated any contacts with the creditor or made any payments or payment arrangements. (Answer; GE 2-3; Tr. 39)

SOR ¶ 1.c. This credit-card account was opened in early 2021 and was delinquent by late 2021. It was placed for collection in the approximate amount of \$718. Applicant settled this account on October 3, 2024, with four payments totaling \$467 made between August 2024 and October 2024. (Answer; GE 2; AE A, AE C; Tr. 21, 32-33)

SOR ¶ 1.d. This credit-card account was opened in about February 2021, became delinquent in about October 2021, and was charged off in May 2022 in the approximate amount of \$243. Applicant settled this debt on December 31, 2024. (Answer; GE 2-3; AE B; Tr. 21, 34-35)

SOR ¶ 1.e. This account was opened for automobile insurance premiums in about December 2022, and it was placed for collection in about February 2023 in the approximate amount of \$143. This account was settled for \$85 on September 23, 2024. (Answer; GE 2; AE A; Tr. 21, 35)

After the hearing, Applicant submitted a monthly budget that listed \$3,212 in monthly income, \$2,676 in monthly expenses, and a monthly remainder of approximately \$536. Applicant’s reported monthly income includes \$346 in military disability benefits. Of note, Applicant did not include any payments on his remaining delinquent accounts (SOR ¶¶ 1.a. and 1.b.) among his monthly expenses. He splits rent, utilities, and a car payment with the family with whom he resides. He estimated that he had “a couple hundred dollars” in his bank account. (AE D; Tr. 26-28, 45)

In his Answer and at hearing, Applicant admitted that irresponsible spending contributed to his financial delinquencies, and he testified that he has not been able to earn sufficient income to make debt payments. He admitted that he was not prompted to address his financial delinquencies after the OPM interview, because he did not consider his delinquencies to be significant. After he received the SOR, upon the advice of his

employer, he contacted three creditors (SOR ¶¶ 1.c.-1.e.) and negotiated settlement payments. (Answer; Tr. 33-34, 36-39, 43-44)

In September 2024, Applicant completed an online financial course providing information about crafting a monthly budget and adhering to a budget. He has not consulted a financial counselor or other professional specifically about his financial delinquencies. (Answer; Tr. 43)

Policies

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 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 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."

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 security decision.

A person who seeks access to sensitive 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 sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive 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. . . .

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

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

The Government established Applicant’s five delinquent consumer accounts, totaling approximately \$38,500. AG ¶¶ 19(a) and 19(c) apply.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable in this case:

- (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; and

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

Applicant bears the burdens of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his debt-resolution efforts or required to be debt-free. “Rather, all that is required is that an applicant act responsibly given his circumstances and develop a reasonable plan for repayment, accompanied by ‘concomitant conduct,’ that is, actions which evidence a serious intent to effectuate the plan.” ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017). See, e.g., ISCR Case No. 13-00987 at 3, n.5 (App. Bd. Aug. 14, 2014).

Applicant admitted two delinquent accounts in his October 2023 e-QIP and admitted four of the alleged accounts during his December 2023 security interview. By his own admission, these debts resulted from irresponsible spending, and he had not considered them significant at the time of his OPM interview. After issuance of the SOR, he completed an online financial course and settled three accounts (SOR ¶¶ 1.c.-1.e.). He has taken no steps to address the two large remaining debts (SOR ¶¶ 1.a. and 1.b.), which have been delinquent for several years. Most concerning is Applicant’s continued possession of the vehicle (SOR ¶ 1.a.), despite no payments since 2018. He has not contacted the creditor nor sought any professional advice on how to address and resolve this significant financial delinquency. I have considered that Applicant’s indebtedness arose due to immaturity and irresponsible spending and that he experienced several years of underemployment; however, he is now 35 years old and seeking to be entrusted with access to classified information. His inaction casts doubt on his reliability and judgment. AG ¶¶ 20(a) and 20(b) do not apply due to Applicant’s ongoing delinquencies and failure to act responsibly to address his delinquencies.

Applicant completed a financial education course; however, the record evidence does not establish that his financial problems are under control. Therefore, AG ¶ 20(c) does not apply. AG ¶ 20(d) applies to the three resolved debts (SOR ¶¶ 1.c., 1.d., and 1.e.). None of the financial considerations mitigating conditions apply to SOR ¶¶ 1.a. and 1.b. Applicant did not mitigate the financial considerations security concerns.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant’s eligibility for access to classified information 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 and the factors in AG ¶ 2(d) in this whole-person analysis.

While a young service member, Applicant incurred a large vehicle loan and a credit-card debt. He quickly was unable to fulfill his financial obligations. After his discharge, he experienced periods of underemployment that limited his ability to address and resolve his financial delinquencies; however, by his own admission, he did not consider these delinquencies to be significant. Only after receiving the SOR did he take any steps to address the three small delinquent debts. He has taken no steps to address the two large remaining debts. He has not demonstrated financial responsibility, and his inaction casts doubt on his judgment and reliability. Eligibility for access to classified information is denied.

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.b.:	Against Applicant
Subparagraphs 1.c.-1.e.:	For Applicant

Conclusion

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

Eric H. Borgstrom
Administrative Judge