



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 24-01944

Appearances

For Government: William H. Miller, Esq., Department Counsel
For Applicant: *Pro se*

09/18/2025

Decision

PRICE, Eric 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 22, 2023. On November 26, 2024, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons alleging security concerns under Guideline F. The DCSA acted under Executive Order (Exec. Or.) 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) promulgated in Security Executive Agent Directive 4, *National Security Adjudicative Guidelines* (December 10, 2016).

Applicant answered the SOR on January 28, 2025, and requested a decision on the written record in lieu of a hearing. Department Counsel submitted the Government's written case on May 21, 2025. A complete copy of the file of relevant material (FORM)

was sent to Applicant, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the Government's evidence. He received the FORM on June 2, 2025, and did not submit a response. The case was assigned to me on September 10, 2025.

Evidentiary Issue

The FORM consists of seven items. The SOR (FORM Item 1) and Applicant's answer to the SOR (FORM Item 2) are the pleadings in the case. FORM Items 3 through 7 are the Government's evidence. FORM Item 4 is a summary of a personal subject interview (PSI) conducted on January 23, 2024. The PSI summary was not authenticated as required by Directive ¶ E3.1.20. Department Counsel informed Applicant that he was entitled to comment on the accuracy of the PSI summary; make any corrections, additions, deletions, or updates; or object to consideration of the PSI summary on the ground that it was not authenticated. Applicant did not respond to the FORM, he did not comment on the accuracy or completeness of the PSI summary, nor did he file any objections. I conclude that he waived any objections to the PSI summary. Although *pro se* applicants are not expected to act like lawyers, they are expected to take timely and reasonable steps to protect their rights under the Directive. ISCR Case No. 12-10810 at 2 (App. Bd. Jul. 12, 2016). FORM Items 3 through 7 are admitted in evidence.

Findings of Fact

In Applicant's answer to the SOR, he admitted all the allegations in the SOR without explanation. His admissions are incorporated in my findings of fact.

Applicant is a 37-year-old systems engineer employed by a defense contractor since November 2022. He was employed in various non-federal engineering jobs from August 2013 to November 2022, when he was hired by his current employer. He earned a bachelor's degree in 2012. He married in July 2022 and has no children. He has never held a security clearance. (Item 4 at 5, 11-20, 23-24, 40)

The SOR alleges four delinquent debts totaling about \$44,807. The debts are reflected in credit reports from September 2023 and August 2024. (FORM Items 6 and 7) The evidence pertaining to these delinquent debts is summarized below.

SOR ¶ 1.a: credit account charged off for \$24,318. In Applicant's September 2023 SCA, he stated that the creditor "is a fake company that is being funded by raiding average American's pension funds. It will go under. They have never and will never make a dime of profit." (Item 3 at 41) He provided the current status of the financial issue as "[i]n collections and will stay there until the time is up," and explained his lack of action on the debt by stating "I just ignore it." (Item 3 at 41-42) Applicant told a government investigator that he obtained a \$30,000 home remodeling loan in about 2018, that he made some payments on the loan, and that he decided not to pay the creditor back because he did not want to support the creditor's business activities. (Item 4 at 2) In his July 2024 response to interrogatories Applicant indicated this debt had not been paid and that he had made no arrangements to pay it. (Item 5 at 3)

SOR ¶ 1.b: credit account placed for collection of \$20,292. Applicant told a government investigator that he was not aware of this account and would look into it. (Item 4 at 2) In his July 2024 response to interrogatories, Applicant indicated this debt had not been paid and that he had made no arrangements to pay it. (Item 5 at 3) Credit reports from September 2023 and August 2024 show the original creditor is the same creditor alleged in SOR ¶ 1.a, but the account numbers and member numbers are different. (Item 6 at 2, Item 7 at 2)

SOR ¶¶ 1.c-1.d: accounts placed for collection of \$138 and \$59, respectively. Credit reports from September 2023 and August 2024 show accounts with the same creditor were assigned for collection in March 2022 and October 2022 with balances of \$138 and \$59, respectively. (Item 6 at 3, Item 7 at 2) Applicant told a government investigator that his only debt with this creditor was for a modem he did not know he had to return and that he would settle it immediately. (Item 4 at 4) In his July 2024 response to interrogatories Applicant indicated he had not paid these debts and that he had made no arrangements to do so. (Item 5 at 4)

In January 2024, Applicant told a government investigator that his overall financial situation was good, that he only had one delinquent debt, and that he made good money. (Item 4 at 3) In his July 2024 response to interrogatories, Applicant stated that his net salary is about \$8,527 per month and that his monthly expenses range from about \$3,400 to \$5,900. He said that he has ownership interests in two companies and estimates his total assets are valued at more than \$10,000,000. (Item 5 at 11-13) Although his SCA reflects no periods of unemployment, his response to interrogatories states that he “took most of 2020 and 2021 off work to heal” from the COVID-19 pandemic. (Item 5 at 11)

Applicant submitted no evidence of payments on the debts alleged in the SOR, or of contacts with creditors or of payment agreements on any of the SOR debts.

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* 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* 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 evidence in the FORM establish the following two 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 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;

AG ¶ 20(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;

AG ¶ 20(d): the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; 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.

None of the above mitigating conditions are established. Applicant's delinquent debts are ongoing and were not incurred under circumstances making recurrence unlikely. He submitted no evidence of financial counseling or of payments or other measures to resolve his debts. He has not disputed any of the debts alleged in the SOR.

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 by his delinquent debts.

Formal Findings

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

Paragraph 1, Guideline F (Financial Considerations): AGAINST APPLICANT

Subparagraphs 1.a-1.d:

Against Applicant

Conclusion

I conclude that 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.

Eric C. Price
Administrative Judge