



DEPARTMENT OF DEFENSE
DEFENSE OFFICE OF HEARINGS AND APPEALS



In the matter of:)
)
) ISCR Case No. 24-02156
)
 Applicant for Security Clearance)

Appearances

For Government: Lauren Shure, Esq., Department Counsel
For Applicant: *Pro se*

09/18/2025

Decision

HARVEY, Mark, Administrative Judge:

Guideline F (financial considerations) security concerns are not mitigated. Eligibility for access to classified information is denied.

Statement of the Case

On November 20, 2023, Applicant completed an Electronic Questionnaires for Investigations Processing or security clearance application (SCA). (Government Exhibit (GE) 1) On January 7, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a statement of reasons (SOR) to Applicant under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960); Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive) (January 2, 1992), as amended; and Security Executive Agent Directive 4, establishing in Appendix A, the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AGs), effective June 8, 2017. (Hearing Exhibit (HE) 2)

The SOR detailed reasons why the DCSA did not find under the Directive that it is clearly consistent with the interests of national security to grant or continue a security clearance for Applicant and recommended referral to an administrative judge to determine

whether a clearance should be granted, continued, denied, or revoked. Specifically, the SOR set forth security concerns arising under Guideline F. (HE 2) On January 8, 2025, Applicant responded to the SOR. (HE 3) On January 29, 2025, Department Counsel was ready to proceed. On May 27, 2025, the case was assigned to me.

On June 4, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice scheduling the hearing on July 23, 2025. The hearing was held as scheduled using the Microsoft Teams video teleconference system.

During the hearing, Department Counsel offered seven exhibits into evidence, and Applicant offered three exhibits into evidence. (Tr. 11, 16-20; GE 1-GE 7; Applicant Exhibit (AE) A (documents received July 7, 2025), AE B (documents received July 9, 2025); AE C (SOR ¶ 1.c payment plan)) There were no objections at the hearing, except for GE 7. (Tr. 18)

GE 7 consisted of complaints filed in court by Applicant's landlord against Applicant. (Tr. 17) Applicant explained he was unable to pay his rent because of the COVID-19 pandemic; his service dog nipped a worker; and his employer placed him on leave without pay (LWOP). (Tr. 18) After his DOHA hearing, he provided objections or explanation relating to GEs 2 and 6. He said, "I respectfully assert that the changes between Exhibit 2 and Exhibit 6 — and now Exhibit C — represent successful resolution, not contradiction. My actions meet the standards outlined in Guideline F, paragraphs 20(c), 20(d), and 20(e), and reflect the character and responsibility expected of a clearance holder." (AE D) I overruled Applicant's objections to admissibility of GEs 2, 6, and 7. However, his comments were considered as limiting the weight GEs 2, 6, and 7 received. (Tr. 18-19) All proffered exhibits are admitted into evidence. (Tr. 19, 20) On August 1, 2025, DOHA received a copy of the transcript. Applicant provided an email with attachments after the hearing, which I admitted into evidence. (AE D) On August 27, 2025, the record closed. (Tr. 92, 103)

Some details were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits and transcript.

Findings of Fact

Applicant is a 33-year-old information technology specialist who has worked for a government contractor for about 18 months. (Tr. 5-7, 22) In 2011, he graduated from high school. (Tr. 5, 25) He has a radiology certification. (Tr. 6) He has about three years of college credits. (Tr. 6) He has never served in the military. (Tr. 6; GE 1) He has never married, and he does not have any children. (Tr. 7) His cohabitant has annual income of about \$33,000. (Tr. 26) They share household expenses. (Tr. 26) For six years before his employment with the government contractor, he worked for the same employer performing accounts payable work. (Tr. 8) He is sponsored for a security clearance; however, he is currently on LWOP status. (Tr. 26)

Financial Considerations

In Applicant's SOR response, he admitted the SOR allegations in ¶¶ 1.a through 1.e, 1.h, and 1.n. He denied the SOR allegations in ¶¶ 1.f, 1.g, and 1.i through 1.m. He also provided extenuating and mitigating information. His admissions are accepted as findings of fact.

In his November 20, 2023 SCA, Applicant said in the previous seven years he did not default on any debts, did not have any debts in collections, did not have any charged-off debts, and did not have any judgments. (GE 1 at 21-22) He denied that he had any debts which were delinquent over 120 days. (GE 1 at 21-22) He said he omitted the delinquent debts in his SOR because he was unaware of them.

Applicant's SOR alleges he has 14 delinquent debts totaling \$24,584. The debts are listed in his credit bureau reports (CBRs) from 2023 and 2024. He said the debts in SOR ¶¶ 1.a through 1.e became delinquent because of his unemployment or underemployment due to the COVID-19 pandemic. Applicant paid a debt recovery company (DRC) or credit repair company (CRC) \$100 monthly to correct his CBRs, and the DRC disputed the negative information on his credit reports. (Tr. 46; GE 4 at 19) Recently, he has been unable to make progress resolving his debts because he went on LWOP due to the lack of a security clearance. He made a series of statements about the status of the debts alleged in his SOR to an investigator from the Office of Personnel Management (OPM), in his responses to DOHA interrogatories, in his SOR response, and at his hearing.

February 24, 2025 Report of Identity Theft

On February 24, 2025, Applicant filed a report of identity theft. (AE A; AE D) He said fraudulent information was on his credit report for the following four SOR accounts: 1.c for \$520; 1.d for \$473; 1.f for \$341; and 1.l for \$633. (Tr. 46, 49; AE A) He said, "Under penalty of perjury, I declare this information is true and correct to the best of my knowledge." (AE A) He said that due to his report of identity theft, "all three credit bureaus did their own investigation upon receiving this [identity theft] report, and they found that it was some type of discrepancy or some type of error with the report. And, they deleted it." (Tr. 49)

The status of the 14 SOR debts is as follows:

SOR ¶ 1.a alleges Applicant has a debt placed for collection for about \$11,600. This debt resulted from rent he failed to pay his landlord. (Tr. 39)

On September 17, 2021, and November 4, 2021, Applicant's landlord filed complaints in a local court for \$3,300 for two months of unpaid rent. (Tr. 29-30; GE 7 at 3-5) The November 4, 2021 complaint was dismissed. (GE 7 at 5) On January 20, 2022, the court approved his eviction. (GE 7 at 4) In October 2022, Applicant's landlord sought an order to evict him because Applicant's dog allegedly "bit and attacked the Contractor." (GE 7 at 9, 11) In October, the court ordered Applicant's eviction, and he appealed. (GE

7 at 14) On October 26, 2022, the court ordered Applicant to deliver possession of the premises within 60 days. (GE 7 at 16) As to the orders for payment in 2021, Applicant said the rent became overdue because he was unable to pay the rent due to unemployment during the COVID-19 pandemic. (Tr. 31-32)

For the debt in SOR ¶ 1.a for \$11,600, the summary of Applicant's OPM PSI said, "Subject does not dispute this account and stated this was the left-over balance from his rental apartment at Subject stated he is in the process of setting up a payment plan for the balance, however as of this date has no additional information." (GE 4 at 3 of 5) In his SOR response Applicant said, "I admit the debt. Due to financial hardship from the COVID-19 pandemic, I was unable to make timely payments. I am currently working with a [CRC] to settle this debt or reach a payment arrangement with [the creditor]. The company is actively assisting in resolving [this debt]." He did not provide a copy of his agreement with the CRC, and it is unclear whether the DRC was responsible for negotiating payment agreements with creditors.

On March 18, 2025, Applicant's landlord sought \$3,081 from him. (GE 7 at 6) On May 2, 2025, the court ordered Applicant to pay \$1,151. (GE 7 at 7) As for the failure to pay rent in 2025, he said it was due to being placed on LWOP due to lack of a security clearance. (Tr. 34) Applicant said he paid the rent after his court dates. (Tr. 30, 33) He said he did not have any proof of payment. (Tr. 31, 34) He said his rent for 2025 is current, and he has proof of payment. (Tr. 36)

At his hearing, Applicant said he received \$8,600 in rental relief, and he does not owe a balance on the SOR ¶ 1.a rental debt. (Tr. 39-40) His debt recovery company (DRC) disputed the debt, and it was removed from his credit report. (Tr. 41, 43) He said he had emails showing that rental relief paid the debt. (Tr. 41) He did not provide the emails after his hearing.

After his hearing, Applicant provided a statement which said, "Rental judgments were filed but paid in full. These were circumstantial, stemming from a period when I was placed on Leave Without Pay (LWOP), reducing my income significantly. I resolved them promptly and without avoidance." (AE D at 3)

SOR ¶ 1.b alleges Applicant has a charged-off account for \$1,547. In his SOR response, he said, "I admit the debt. The financial difficulties caused by the COVID-19 pandemic affected my ability to meet my financial obligations. I have engaged a [CRC] company to help resolve this debt. The company is working with [the creditor] to reach a settlement or an agreement to pay off the balance." Applicant contacted the creditor to arrange a payment plan; however, he was unable to implement his payment plan because of his LWOP status. (Tr. 52) A May 14, 2025 letter from the collection company stated the debt balance was \$1,950, and the collection company was scheduled to deposit a post-dated check for \$70 on May 24, 2025. (AE A) Applicant said that he had been making \$70 payments since February 2025. (Tr. 53) He did not provide proof of any payments to address the account.

SOR ¶¶ 1.c for \$520, 1.d for \$473, 1.e for \$464, and 1.h for \$504. (GE 2 at 4-5) The same collection company was seeking payment of the four debts, and they will be discussed together, *infra*. In Applicant's February 24, 2025, identity theft report he said fraudulent information was on his credit report for SOR ¶¶ 1.c and 1.d. (AE A)

In his SOR response for SOR ¶¶ 1.c, 1.d, 1.e, and 1.h, Applicant said, "I admit the debt." He explained that he had a financial hardship due to the COVID-19 pandemic. He is using a CRC, and they are actively working to settle the debt or, if possible, have the item removed from his credit report. The CRC "is negotiating with [the creditor] to resolve this matter."

Applicant provided a March 2025 letter from the collection company for two accounts (SOR ¶¶ 1.c and 1.h) indicating he was supposed to pay \$42 monthly for each account from March 2023 to February 2024. (Tr. 55-57; AE C) He provided a report indicating multiple accounts were deleted from his CBRs. (GE 4 at 20-25) However, he did not provide proof of any payments, and he did not provide a good faith basis for disputing the debts.

As to the four accounts being collected by the same collection company, the CBRs deleted some of the accounts from Applicant's CBRs. (Tr. 59) He conceded he owed the debts in SOR ¶¶ 1.d and 1.e; they were deleted from his CBRs; and he did not make any payments to the collection company. (Tr. 60-62)

SOR ¶ 1.h. Applicant said in his SOR response, "I am currently working with a [CRC] to resolve this account, either by settling the debt or by having the item removed from my credit report. The [CRC] is negotiating with [the creditor] to reach a resolution." Applicant said the collection company showed inconsistent amounts for the debts on his CBRs. The debt in SOR ¶ 1.h for \$504 was shown to have a zero amount in a CBR; however, his CBR shows the account was transferred to a collection company. (Tr. 59) For the debt in SOR ¶ 1.h for \$504, Applicant said:

There's no balance. I did have an account. But I don't have, I've never used it. I cancelled it out as soon as I got it. So I'm not sure why it's still reflecting. Even on your reports that you have on Exhibit 3 this shows no balance for that. For your Exhibit 2 I'm not sure if it did show a balance. But there shouldn't be any balance. It's the same thing with the other account that we just previously talked about, but with a different company. I just didn't use them. (Tr. 73)

Applicant's December 9, 2023 CBR showed the account in SOR ¶ 1.h with a balance of \$504. (GE 2 at 7) His November 5, 2024 CBR showed the original creditor account with an initial amount of \$502, a balance of \$0, and the comments said it was transferred or sold. (GE 3 at 2) Once a debt is transferred, the amount owed to the original creditor is zero. His July 2, 2025 CBR shows the debt balance is \$504. (72-73; GE 6 at 2) After Department Counsel pointed out the information from his July 2, 2025 CBR, Applicant said:

Yes. That's incorrect. There shouldn't have been a balance on that card at all. Because I never used it. Because it was just a, two of these cards was just a way for me to just build up my credit report during COVID. But I never used it, because of COVID. I didn't want it to be left with a balance, like it's saying that I am left with. But yes, these accounts, they're reported incorrectly. (Tr. 74)

SOR ¶ 1.f. For the debt in SOR ¶ 1.f for \$341, Applicant's OPM PSI states, "Subject disputes this account stating that it was for an outstanding car insurance bill, however he paid the debt in full in 07/2023. . . ." (GE 4 at 4 of 5) In Applicant's response to interrogatories, he said the debt in SOR ¶ 1.f for \$341 was paid. (Tr. 62; GE 4 at 9) In his SOR response, Applicant said, "I deny the debt. This account was deleted from my credit report through the services of a [CRC]. The company successfully removed this item, and I no longer have any financial obligation to [the creditor] related to this account."

In Applicant's February 24, 2025, identity theft report he said fraudulent information was on his credit report for ¶ 1.f for \$341. (AE A) At his hearing, Applicant said he paid the debt. (Tr. 62-63) He said he traded in a vehicle and used a different insurance company with the new vehicle. (Tr. 63) He said he did not owe a balance on the SOR ¶ 1.f account when he closed the account. (Tr. 63) He did not base his dispute of the SOR ¶ 1.f account on identity theft. (Tr. 64) The SOR ¶ 1.f debt was deleted from his CBRs. (Tr. 64)

Of the four debts in SOR ¶¶ 1.f, 1.g, 1.h, and 1.j, Applicant believed there was a duplication, and one of them was paid. (Tr. 59) He did not indicate which of the debts was a duplication.

SOR ¶ 1.g. For the charged-off debt in SOR ¶ 1.g for \$274, Applicant's January 23, 2024 OPM PSI indicates, "Subject does not dispute this account and stated it was a credit card used for daily purchases. Subject stated that he has taken no action to repay the balance due to the account being charged off. . . ." (GE 4 at 3-4 of 5) In his SOR response, Applicant said, "I deny the debt. This account was deleted from my credit report through the [CRC] I have been working with. They successfully negotiated for the removal of the account, and I no longer owe this debt." At his hearing, he said he paid the debt in SOR ¶ 1.g for \$274. (Tr. 64) He had a credit card, and he had a balance on it. (Tr. 69) He had the account; he put money on the card; he contacted the creditor; and the account has a zero balance. (Tr. 65, 70, 72) It was deleted from his CBR. (Tr. 64-65, 68, 71-72) It was not part of the identity theft. (Tr. 71-72) He did not provide proof of payment or a letter from the creditor indicating the debt was resolved.

SOR ¶ 1.i alleges Applicant has a past-due debt for \$20 with a balance of \$20. In his SOR response, Applicant said, "I deny the debt. This account was removed from my credit report by the [CRC]. They were able to successfully have the debt deleted, and I no longer owe anything related to this account." At his hearing, Applicant said he signed up for a monthly subscription, and he said he cancelled the subscription before he received anything. (Tr. 74-75) He disputed his responsibility for the debt. (Tr. 75) The debt

is not shown on his July 2, 2025 CBR. (GE 6) The \$20 debt is too small to raise a security concern, and it is mitigated.

For **SOR ¶ 1.j** for \$1,596, Applicant's OPM PSI indicates, "Subject does not dispute this account and stated it was a credit card used for daily purchases. Subject stated that he has taken no action to repay the balance due to the account being charged off. . . ." (GE 4 at 3-4 of 5) He admitted the debt in response to DOHA interrogatories and said it was paid. In his SOR response for SOR ¶ 1.j for \$1,596, Applicant said, "I deny the debt. This account was successfully removed from my credit report by my [CRC]. They negotiated with [the creditor], and the account was deleted from my credit history. I no longer owe any balance related to this debt." At his hearing, he denied that he had an account with creditor. (Tr. 75-76) He disputed the debt, and it is not shown on his July 2, 2025 CBR. (Tr. 76; GE 6)

For **SOR ¶ 1.k** for \$1,066, the summary of his January 23, 2024 OPM PSI for the debt in his CBR is as follows, "Subject does not dispute this account and stated it was for a credit card used for daily purchases. Subject stated that he has taken no action to repay the balance due to the account being charged off. Subject could provide no additional information." (GE 4 at 3 of 5) In his SOR response, Applicant said, "I deny the debt. This account was deleted from my credit report through the services of my [CRC]. They successfully resolved the matter with [the creditor], and the account is no longer reflected on my credit report." At his hearing, he denied responsibility for this debt. (Tr. 77)

For **SOR ¶ 1.l**, Applicant owed a college \$633. In his response to DOHA interrogatories, he said the debt was paid through a state income tax refund. (Tr. 81-82) In his SOR response, Applicant said, "I deny the debt. The account was removed from my credit report by the [CRC]. They were able to successfully have the debt deleted, and I no longer owe anything related to this account." At his hearing, he denied this debt. (Tr. 81) He said he did not have proof of payment. (Tr. 81) It was removed from two CBRs; however, it is shown on his July 2, 2025 CBR. (Tr. 82; GE 6 at 2)

SOR ¶ 1.m. For the charged-off debt in SOR ¶ 1.m for \$603, Applicant's January 23, 2024 OPM PSI indicates, "Subject does not dispute this account and stated it was a credit card used for daily purchases. Subject stated that he has taken no action to repay the balance due to the account being charged off. . . ." (GE 4 at 3-4 of 5) In his SOR response for SOR ¶ 1.m, Applicant said, "I deny the debt. The [CRC] I hired successfully negotiated the removal of this account from my credit report. The account no longer appears, and I am no longer responsible for any balance related to this debt." He also said he may have been confused because SOR ¶ 1.m for \$603 is owed to the same creditor as another SOR debt, and he admitted responsibility for the SOR ¶ 1.m debt. (Tr. 78-79) He said he had a payment plan to address it. (Tr. 79) He disputed the debts owed to the creditor, and the creditor was not listed on his current CBR. (Tr. 78, 80, 82; GE 6)

For **SOR ¶ 1.n**, Applicant's December 9, 2023 CBR indicates his SOR ¶ 1.n debt for \$4,943 was assigned in January 2016 and reported in October 2023. (GE 2 at 7) The debt resulted from financing a vehicle, the original amount was \$23,305. (GE 2 at 7) For the charged-off debt in SOR ¶ 1.n for \$4,943, Applicant's OPM PSI indicates, "Subject

does not dispute the account but stated that the balance is incorrect. Subject believes it to be lower, however he could provide no additional information at the time of the interview." (GE 4 at 4 of 5) In his SOR response, Applicant said, "I admit the debt. This debt was caused by financial hardship resulting from the COVID-19 pandemic, which impacted my ability to make payments. I have been working with a [CRC] to settle the account or reach a payment agreement. We are actively negotiating with [the creditor] to resolve this matter." Applicant said, "Once I did my trade in for a newer vehicle the balance that was remaining on the account had been paid off by, the worth of the car paid off any remaining balance of the previous car." (Tr. 82) The debt was removed from his CBR.

Applicant understood that removal of debts from a CBR does not establish that the debt is paid or resolved. (Tr. 83) He does not have any funds available to address his debts. (Tr. 84) His income is low because he is on LWOP. (Tr. 85) He has received financial counseling. (Tr. 86)

Character Evidence

On July 1, 2025, Applicant's manager supports his access to classified information. (AE A) His manager said Applicant started his employment in December 2023. "Since his employment with [his current employer], under my supervision, he has proven to be competent in carrying out the duties of his responsibilities. [He] is a trusted employee and has handled our sensitive documentation with utmost care." (AE A)

On July 2, 2025, Applicant's facility security manager said:

[Applicant] has consistently demonstrated a high level of integrity, professionalism, and strict adherence to all applicable security clearance protocols during his tenure with [his employer]. . . . [He] has upheld all standards required by his security clearance, and there have been no recorded security infractions or violations of any kind. He has consistently completed mandatory security training on time, and he maintains a clear understanding of the responsibilities that accompany access to sensitive information. In addition to his compliance with security protocols, [Applicant] has shown discretion and sound judgment in handling proprietary, PII and sensitive materials. His conduct reflects respect for both the letter and the spirit of our organization's security policies. Given his unblemished record and demonstrated commitment to safeguarding sensitive information, and having no information to the contrary, I fully support [Applicant] in any review or renewal process related to his security clearance. (AE D)

Applicant concluded his post-hearing statement with a request for careful consideration of "My honesty and transparency; My consistent progress toward resolution; My excellent performance in a sensitive national security role; [and] My alignment with all applicable mitigating guidelines." (AE D at 4)

Policies

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, “no 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, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended.

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, these guidelines are applied 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, 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 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 “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See Exec. Or. 10865 § 7. Thus, nothing in this decision should be construed to suggest that it is based, in whole or in part, on any express or implied determination about applicant’s allegiance, loyalty, or patriotism. It is merely an indication the applicant has not met the strict guidelines the President, Secretary of Defense, and Director of National Intelligence 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. 95-0611 at 2 (App. Bd. May 2, 1996).

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 ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his [or her] security clearance.” ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). The burden of disproving a mitigating condition never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005). “[S]ecurity clearance determinations should err, if they must, on the side of denials.” *Egan*, 484 U.S. at 531; see AG ¶ 2(b).

Analysis

Financial Considerations

AG ¶ 18 articulates the security concern for financial problems:

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 includes disqualifying conditions that could raise a security concern and may be disqualifying in this case: “(a) inability to satisfy debts”; and “(c) a history of not meeting financial obligations.”

The Appeal Board explained the scope and rationale for the financial considerations security concern in ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012) (citation omitted) as follows:

This concern is broader than the possibility that an applicant might knowingly compromise classified information in order to raise money in satisfaction of his or her debts. Rather, it requires a Judge to examine the totality of an applicant’s financial history and circumstances. The Judge must consider pertinent evidence regarding the applicant’s self-control, judgment, and other qualities essential to protecting the national secrets as well as the vulnerabilities inherent in the circumstances. The Directive presumes a nexus between proven conduct under any of the Guidelines and an applicant’s security eligibility.

In ISCR Case No. 08-12184 at 7 (App. Bd. Jan. 7, 2010), the Appeal Board explained the role of CBRs in financial considerations analysis:

It is well-settled that adverse information from a credit report can normally meet the substantial evidence standard and the government’s obligations

under [Directive] ¶ E3.1.14 for pertinent allegations. At that point, the burden shifts to applicant to establish either that [he or] she is not responsible for the debt or that matters in mitigation apply.

(internal citation omitted).

The record establishes the disqualifying conditions in AG ¶¶ 19(a) and 19(c). requiring additional inquiry about the possible applicability of mitigating conditions. Discussion of the disqualifying conditions is contained in the mitigation section, *infra*. The financial considerations mitigating conditions under AG ¶ 20 which may be applicable in this case are as follows:

- (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;
- (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.

The Appeal Board in ISCR Case No. 10-04641 at 4 (App. Bd. Sept. 24, 2013) explained Applicant's responsibility for proving the applicability of mitigating conditions as follows:

Once a concern arises regarding an Applicant's security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. See *Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. See Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in *Egan, supra*. "Any doubt concerning personnel being considered for access

to classified information will be resolved in favor of the national security.” Directive, Enclosure 2 ¶ 2(b).

“[A] single debt can be sufficient to raise Guideline F security concerns.” ISCR Case No. 19-02667 at 3 (App. Bd. Nov. 3, 2021) (citing ISCR Case No. 14-05366 at 3 (App. Bd. Feb. 5, 2016)). “Additionally, a single debt that remains unpaid over a period of years can properly be characterized as a history of not meeting financial obligations.” *Id.*

AG ¶ 20(a) does not apply to the Applicant’s SOR debts. “It is also well established that an applicant’s ongoing, unpaid debts demonstrate a continuing course of conduct and can be viewed as recent for purposes of the Guideline F mitigating conditions.” ISCR 22-02226 at 2 (App. Bd. Oct. 27, 2023) (citing ISCR Case No. 15-06532 at 3 (App. Bd. Feb. 16, 2017)).

Applicant’s SOR alleges he has 14 delinquent debts totaling \$24,584. He said his delinquent debts arose during the COVID-19 pandemic due to unemployment or underemployment. He was recently unable to make progress on his debts because he was on LWOP status. These are circumstances largely beyond his control. However, “[e]ven if [an applicant’s] financial difficulties initially arose, in whole or in part, due to circumstances outside his [or her] control, the [administrative judge] could still consider whether [the applicant] has since acted in a reasonable manner when dealing with those financial difficulties.” ISCR Case No. 05-11366 at 4 n.9 (App. Bd. Jan. 12, 2007). The DOHA Appeal Board has said:

[A]n applicant must act responsibly given his or her circumstances and develop a reasonable plan for repayment, accompanied by concomitant conduct even if it may only provide for the payment of debts one at a time. ISCR Case No. 07-06482 at 3 (App. Bd. May 21, 2008). What constitutes responsible behavior depends on the facts of a given case and the fact that an applicant’s debts will not be paid off for a long time, in and of itself, may be of limited security concern. ISCR Case No. 09-08462 at 4. Relevant to the equation is an assessment as to whether an applicant acted responsibly given [his or] her limited resources. See, e.g., ISCR Case No. 08-06567 at 3-4 (App. Bd. Oct. 29, 2009).

ADP Case No. 23-00547 at 3 (App. Bd. Apr. 23, 2024). A component is whether he maintained contact with creditors and attempted to negotiate partial payments to keep debts current. Applicant did not describe in sufficient detail how the circumstances beyond his control affected his finances. He did not provide correspondence from or to most of the SOR creditors showing he maintained contact with them. He did not provide a detailed description of the changes in his income after the COVID-19 pandemic or recently. He did not prove that he acted responsibly under the circumstances.

Applicant is credited with mitigating the SOR debts in ¶¶ 1.f and 1.i. For the debt in SOR ¶ 1.f for \$341, Applicant’s OPM PSI states, “Subject disputes this account stating that it was for an outstanding car insurance bill, however he paid the debt in full in 07/2023. Subject could provide no additional information for this account at the time of

the interview.” (GE 4 at 4 of 5) Applicant’s statement asserting he was not responsible for this debt was reasonable. Sometimes a vehicle insurance company does not receive timely information about transfer of title and continues to bill for an insurance policy. Once the date of sale is provided, the insurance company should only charge to the date of sale. SOR ¶ 1.i alleges Applicant has a past-due debt with a balance of \$20. Applicant signed up for a monthly subscription, and he said he cancelled the subscription before he received anything. He disputed his responsibility for the debt. The debt is not shown on his July 2, 2025 CBR. The \$20 debt is too small to raise a security concern, and it is mitigated.

The debt in SOR ¶ 1.a for \$11,600 is Applicant’s largest debt, and it is not mitigated. He did not provide the emails, which he said would prove someone paid a substantial part of his delinquent rent debt. He did not provide any documentation from his landlord or a collection company that the debt was paid, settled, or otherwise resolved.

The debt in SOR ¶ 1.n for \$4,943 is Applicant’s second largest debt, and it is not mitigated. In his SOR response, he said, “I admit the debt. This debt was caused by financial hardship resulting from the COVID-19 pandemic, which impacted my ability to make payments. I have been working with a [CRC] to settle the account or reach a payment agreement. We are actively negotiating with [the creditor] to resolve this matter.” Applicant said, “Once I did my trade in for a newer vehicle the balance that was remaining on the account had been paid off by, the worth of the car paid off any remaining balance of the previous car.” (Tr. 82) The debt was removed from his CBR. Documentation on this vehicle transaction should be readily available. Applicant failed to provide documentation from the creditor that the debt was resolved.

Applicant relied on information that CBR’s deleted negative debt information about multiple SOR accounts. The Appeal Board in ISCR Case No. 14-03612 at 3 (App. Bd. Aug. 15, 2015) said:

A credit report, in and of itself, may not be sufficient to meet an applicant’s burden of persuasion as to mitigation, insofar as it provides little evidence regarding the underlying circumstances of the debt. See, e.g., ISCR Case No. 08-11735 at 2 (App. Bd. Sep. 21, 2010). The fact that a debt no longer appears on a credit report does not establish any meaningful, independent evidence as to the disposition of the debt. Indeed, even if a credit report states that a debt has been paid, that fact alone does not, in and of itself, resolve concerns arising from the dilatory nature of an applicant’s response to his debts or other circumstances that detract from an applicant’s judgment and reliability.

See also ISCR Case No. 21-00261 2-3 (App. Bd. June 6, 2022) (“the absence of unsatisfied debts from an applicant’s credit report does not extenuate or mitigate an overall history of financial difficulties or constitute evidence of financial reform or rehabilitation”); ISCR Case No. 14-05803 at 3 (App. Bd. July 7, 2016) (citing ISCR Case No. 14-03612 at 3 (App. Bd. Aug. 25, 2015)). The Fair Credit Reporting Act requires removal of most negative financial items from a credit report seven years from the first

date of delinquency or the debt becoming collection barred because of a state statute of limitations, whichever is longer. See Title 15 U.S.C. § 1681c. See Federal Trade Commission website, *Summary of Fair Credit Reporting Act Updates at Section 605*, <https://www.consumer.ftc.gov/articles/pdf-0111-fair-credit-reporting-act.pdf>. Debts may be dropped from a credit report upon dispute when a creditor believes the debt is not going to be paid, a creditor fails to timely respond to a CBR's request for information, or when the debt has been charged off. There may be other reasons a disputed debt may be dropped from a CBR that do not show meaningful mitigation.

The focus in a dispute for security clearance purposes is Applicant's "provision of documented proof to substantiate the basis of the dispute." AG ¶ 20(e). A debt disputing company sending disputes on all negative entries on a CBR, by itself, without providing a reasonable basis of the disputes, such as proof of payment or a letter of satisfaction or resolution from a creditor, does not provide meaningful mitigation under AG ¶ 20(e).

Applicant did not disclose any delinquent debts on his November 20, 2023 SCA. He claimed he was unaware of delinquent SOR debts at the time he completed his SCA. He was aware that he owed rent because his landlord filed a complaint in court in 2021 seeking unpaid rent. He was not truthful when he completed his SCA and when he claimed he was unaware of any delinquent debts meeting the SCA criteria. Applicant claimed in his response to DOHA interrogatories that multiple debts were paid, and he was providing proof of payment. This was not true because the SOR debts he said were paid, were not paid. The documents he attached to the DOHA interrogatories related to disputes and removals of debts from CBRs. His provision of false or misleading evidence in his SCA and in response to DOHA interrogatories was not alleged in the SOR. In ISCR Case No. 03-20327 at 4 (App. Bd. Oct. 26, 2006), the Appeal Board listed five circumstances in which conduct not alleged in an SOR may be considered stating:

- (a) to assess an applicant's credibility; (b) to evaluate an applicant's evidence of extenuation, mitigation, or changed circumstances; (c) to consider whether an applicant has demonstrated successful rehabilitation; (d) to decide whether a particular provision of the Adjudicative Guidelines is applicable; or (e) to provide evidence for whole person analysis under Directive Section 6.3.

Id. (citing ISCR Case No. 02-07218 at 3 (App. Bd. Mar. 15, 2004); ISCR Case No. 00-0633 at 3 (App. Bd. Oct. 24, 2003)). See also ISCR Case No. 12-09719 at 3 (App. Bd. Apr. 6, 2016). These non-SOR allegations (Applicant's false or misleading statements) will not be considered except for the five purposes listed above.

The Appeal Board has previously stated that it is reasonable for a Judge to expect an applicant to present documentation corroborating actions taken to resolve debts and documented proof is required to substantiate dispute of a debt. ISCR Case No. 19-03757 at 3 (App. Bd. Aug. 18, 2021) (citations omitted)). He said he paid some debts or made payments to some creditors. In this instance, Applicant did not provide any evidence of payments to his SOR creditors. His citation to identity theft and his identity theft report

were insufficient to prove any of the debts were the result of identity theft. It is noteworthy that he said he had accounts with several of the creditors.

For the debts in SOR ¶¶ 1.a through 1.e, 1.g, 1.h, and 1.j through 1.n, Applicant did not provide documentation showing: (1) proof of payments, such as checking account statements, photocopies of checks, or a letter from the creditor proving that he paid or made any payments to the creditor; (2) correspondence to or from the creditors to establish maintenance of contact, except for three letters about payment plans; (3) correspondence to creditors showing credible debt disputes indicating he did not believe he was responsible for the debts and why he held such a belief; or (4) other credible evidence of progress or resolution. Applicant failed to establish mitigation under AG ¶ 20(e) because he did not provide documented proof to substantiate the basis of any debt disputes related to the debts in SOR ¶¶ 1.a through 1.e, 1.g, 1.h, and 1.j through 1.n.

None of the mitigating conditions fully apply to the debts in SOR ¶¶ 1.a through 1.e, 1.g, 1.h, and 1.j through 1.n. “[U]ntil an applicant has a meaningful financial track record, it cannot be said as a matter of law that he has initiated a good-faith effort to repay overdue creditors or otherwise resolved debts. The phrase ‘meaningful track record’ necessarily includes evidence of actual debt reduction through payment on debts.” ISCR Case No. 22-02226 at 2 (App. Bd. Oct. 27, 2023) (citing ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007)). There is no current **documentation** establishing that Applicant is working to establish payment plans by making payments to address SOR ¶¶ 1.a through 1.e, 1.g, 1.h, and 1.j through 1.n debts. I am not confident that he will establish payment plans, pay, or otherwise resolve additional SOR debts, and maintain his financial responsibility. Financial considerations security concerns are not mitigated.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant’s eligibility for a security clearance by considering the totality of the Applicant’s conduct and all the 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), “[t]he ultimate determination” of whether to grant a security clearance “must be an overall common-sense judgment based upon careful consideration” of the guidelines and the whole-person concept. My comments under Guideline F are incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under that guideline but some warrant additional comment.

Applicant is a 33-year-old information technology specialist who has worked for a government contractor for about 18 months. In 2011, he graduated from high school. He has a radiology certification. He has about three years of college credits. His cohabitant has annual income of about \$33,000, and they share household expenses. For six years before his employment with the government contractor, he worked for the same employer performing accounts payable work. He is currently on LWOP status from his government contractor employment.

Applicant's manager and facility security manager support his access to classified information. His manager said Applicant is competent, trustworthy, and conscientious about security. His facility security manager indicated his consistent compliance with security protocols and trustworthiness.

The evidence against grant of a security clearance is detailed in the financial considerations analysis section, *supra*, and this evidence is more substantial than the evidence of mitigation. He did not establish that he was unable to make more timely and significant documented progress resolving his SOR debts. The financial evidence raises unmitigated questions about his reliability, trustworthiness, and ability to protect classified information. See AG ¶ 18.

I have carefully applied the law, as set forth in *Egan*, Exec. Or. 10865, the Directive, the AGs, and the Appeal Board's jurisprudence, to the facts and circumstances in the context of the whole person. Applicant failed to mitigate financial considerations security concerns.

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
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Subparagraphs 1.a through 1.e:	Against Applicant
Subparagraphs 1.f and 1.i:	For Applicant
Subparagraphs 1.g, 1.h, and 1.j through 1.n:	Against Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security to grant or continue Applicant's national security eligibility for access to classified information. Eligibility for access to classified information is denied.

Mark Harvey
Administrative Judge