



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



In the matter of:

ISCR Case No. 24-02064

Applicant for Security Clearance

Appearances

For Government: George A. Hawkins, Esq., Department Counsel
For Applicant: *Pro se*

09/05/2025

Decision

HOGAN, Erin C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

Applicant submitted a security clearance application (SCA) on July 20, 2022. On January 24, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. 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.

Applicant timely answered the SOR on January 30, 2025, and requested a decision based on the written record in lieu of a hearing. On March 25, 2025, the Government sent Applicant a complete copy of its written case, a file of relevant material (FORM), including pleadings and evidentiary documents identified as Items 1 through 12.

He was given an opportunity to submit a documentary response setting forth objections, rebuttal, extenuation, mitigation, or explanation to the Government's evidence. He received the FORM on April 21, 2025. He was given 30 days to submit a response to the FORM. He did not submit a response. The case was forwarded to the Defense Office of Hearings and Appeals (DOHA) Hearing Office on June 6, 2025, and assigned to me on August 5, 2025.

Evidentiary Matters

Items 1 and 2 contain the pleadings in the case and are part of the record. Items 3 through 12 are admitted into evidence. I also added a document marked as Hearing Exhibit (HE) I which is relevant to the debt alleged in SOR ¶ 1.j.

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

Findings of Fact

Applicant, age 44, is an employee of a DOD contractor who is seeking to maintain his security clearance. He has been employed with the DOD contractor since July 2021. He served in the United States Air Force from April 2002 to December 2015. He was first granted a security clearance in 2004. His highest level of education is high school. He is married and has two children. (Item 3)

The SOR alleged Applicant had 18 delinquent debts, a total approximate balance of \$89,642, including:

SOR ¶ 1.a: a \$3,360 debt owed to an apartment that was placed for collection. (Item 5 at 2, Item 7 at 4; Item 10 at 5; Item 11 at 4; Item 12 at 3);

SOR ¶ 1.b: a \$1,971 debt that was placed for collection. (Item 4 at 3-4; Item 5 at 2; Item 12 at 3-4);

SOR ¶ 1.c: a \$1,363 delinquent credit card account that was placed for collection. (Item 4 at 3; Item 5 at 2; Item 10 at 10; Item 12 at 3);

SOR ¶ 1.d: a \$1,062 delinquent credit card account that was placed for collection. (Item 5 at 3; Item 12 at 3);

SOR ¶ 1.e: a \$910 delinquent account that was placed for collection. (Item 4 at 3; Item 5 at 3);

SOR ¶ 1.f: a \$1,030 delinquent debt owed to a bank that was charged off. (Item 5 at 3 GE 10 at 10);

SOR ¶ 1.g: a \$6,500 delinquent account that was charged off. (Item 4 at 1; Item 5 at 3; Item 10 at 8; Item 12 at 4);

SOR ¶ 1.h: a \$1,494 delinquent debt owed to a bank that was charged off. (Item 4 at 4; Item 5 at 4; Item 12 at 3);

SOR ¶ 1.i: a \$13,140 delinquent account placed for collection. (Item 7 at 3; Item 10 at 5; Item 11 at 3);

SOR ¶ 1.j: a \$10,465 delinquent account owed to a timeshare that was placed for collection. (Item 10 at 5; Item 11 at 3);

SOR ¶ 1.k: a \$2,386 delinquent credit union account that was placed for collection. (Item 7 at 2; Item 10 at 5; Item 11 at 4),

SOR ¶ 1.l: a \$2,225 delinquent account that was placed for collection. (Item 7 at 4; Item 10 at 5; Item 11 at 5);

SOR ¶ 1.m: a \$1,490 delinquent account that was owed to a bank that was charged off. (Item 7 at 2; Item 10 at 5; Item 11 at 4, 6; Item 12 at 2);

SOR ¶ 1.n: a \$1,272 delinquent debt owed to a credit union that was placed for collection. (Item 7 at 2; Item 10 at 7; Item 11 at 5);

SOR ¶ 1.o: a \$804 delinquent account owed to a credit union that was placed for collection. (Item 7 at 2; Item 10 at 7; Item 11 at 5);

SOR ¶ 1.p: a mortgage account that is past due in the approximate amount of \$35,710, which is in foreclosure with a total loan balance of \$39,097. (Item 7 at 3; Item 10 at 8; Item 11 at 7);

SOR ¶ 1.q: a jewelry store debt with an unknown balance that was charged off. The credit report indicates the balance was \$1,317. (Item 7 at 2; Item 11 at 6; Item 12 at 4); and

SOR ¶ 1.r: a \$5,385 delinquent account that was charged off. (Item 4 at 1-2; Item 5 at 4)

On his July 2022 SCA, in response to the question "Have you EVER had a security clearance eligibility/access authorization denied, suspended, or revoked?" Applicant answered, "Yes." He indicated that in approximately October 2021, DCSA closed his case because the investigator who was assigned to conduct his background investigation thought that he refused to be interviewed. Applicant claims it was a misunderstanding. As the result of his case being closed, his security clearance was revoked. Applicant was working overseas. He was sent home in December 2021. He was waiting to be interviewed in order to get the misunderstanding cleared up. (Item 3 at 44)

In response to DOHA Interrogatories, dated November 8, 2023, Applicant explained that the loss of his security clearance and job in December 2021 adversely affected his financial situation. His wife was diagnosed with cancer in early 2022. He was

working a job that paid low wages. He had to leave work often to take care of his wife. His employer hired him even though his security clearance investigation is still pending. Once he was rehired, he was able to start resolving his delinquent debts. (Item 19 at 11)

On June 20, 2022, Applicant signed an agreement with Company A, a debt management service. His list of scheduled creditors to participate in the plan included the debts alleged in SOR ¶¶ 1.b, 1.c, 1.e – 1.h, and 1.i. He also included a debt that was not alleged in the SOR. It was resolved before the SOR was issued. (Item 7 at 15-51)

In his response to the SOR, Applicant provided a payment status of his debt management agreement with Company A. Some debts were settled (SOR ¶¶ 1.d, 1.e, 1.f, and 1.n). Two debts are in active repayment plans. (SOR ¶¶ 1.c and 1.m). Two other debts were the next to be negotiated with the help of Company A. (SOR ¶¶ 1.g and 1.l) Applicant intended to resolve all remaining SOR allegations directly with the creditors. (SOR ¶¶ 1.a, 1.i, 1.j, 1.k, 1.n, 1.p, 1.r) (Item 2)

Based on the record evidence, the status of the delinquent debts is:

SOR ¶ 1.a: \$3,360 collection account related to a delinquent debt owed to an apartment complex. In his response to the SOR, Applicant claims he paid this debt. He did not provide documentation supporting his assertion that the debt was paid. The account is unresolved. (Item 2)

SOR ¶ 1.b: \$1,971 delinquent account that was placed for collection. Applicant claims this debt was paid in his response to the SOR. He did not provide documentation supporting his assertion that the debt was paid. The account is unresolved. (Item 2)

SOR ¶ 1.c: \$1,363 delinquent credit account that was placed for collection. Applicant included this debt in his debt management agreement with Company A. Attached to his SOR, he provided a copy of Company's A's status list of the debts included in his payment plan. The document indicates that 18 of 27 payments have been paid to this creditor. The creditor agreed to settle for \$855.01. Applicant has paid \$549.45 towards this debt. He is making payments. This allegation is found for Applicant. (Item 2 at 4)

SOR ¶ 1.d: \$1,062 delinquent account that was placed for collection. Applicant claims this debt was paid in his response to the SOR. Applicant included this debt in his debt management agreement with Company A. Attached to his SOR, he provided a copy of Company's A's status list of the debts included in his payment plan. The document indicates that this debt was resolved. The creditor agreed to settle for \$482.75 and Applicant has paid the settlement amount. This allegation is found for Applicant. (Item 2 at 5)

SOR ¶ 1.e: \$910 delinquent account that was placed for collection. Applicant claims this debt was paid in his response to the SOR. Applicant included this debt in his debt management agreement with Company A. Attached to his SOR, he provided a copy of Company's A's status list of the debts included in his payment plan. The document

indicates that this debt was resolved. The creditor agreed to settle for \$455.47 and Applicant has paid the settlement amount. This allegation is found for Applicant. (Item 2 at 4)

SOR ¶ 1.f: \$1,062 delinquent account that was placed for collection. Applicant claims this debt was paid in his response to the SOR. Applicant included this debt in his debt management agreement with Company A. Attached to his SOR, he provided a copy of Company's A's status list of the debts included in his payment plan. The document indicates that this debt was resolved. The creditor agreed to settle for \$612.78 and Applicant has paid the settlement amount. This allegation is found for Applicant. (Item 2 at 4)

SOR ¶ 1.g: \$6,500 delinquent account that was placed for collection. Applicant has not begun payments on this debt. He included this debt in his debt management agreement with Company A. Attached to his SOR, he provided a copy of Company's A's status list of the debts included in his payment plan. The document indicates that this debt is in negotiations and payments have not begun. It is noted that Applicant has been resolving other debts listed within the payment plan. This allegation is found for Applicant. (Item 2 at 6)

SOR ¶ 1.h: \$1,494 delinquent account that was charged off. Applicant claims this debt was paid in his response to the SOR. He included this debt in his debt management agreement with Company A. Attached to his SOR, he provided a copy of Company's A's status list of the debts included in his payment plan. The document indicates that this debt was resolved. The creditor agreed to settle for \$852.00 and Applicant has paid the settlement amount. This allegation is found for Applicant. (Item 2 at 4; Item 4 at 4; Item 5 at 4)

SOR ¶ 1.i: \$13,140 delinquent credit account that was placed for collection. In his response to the SOR, Applicant claims that he was making payments towards this account. While he did not provide a copy of the payment plan, he did provide a copy of his current balance which is \$7,393.08. He is making payments towards this account. This allegation is found for Applicant. (Item 2 at 7)

SOR ¶ 1.j: \$10,465 delinquent time share account (Time Share #1) that was placed for collection. In his response to the SOR, Applicant claims that this debt was settled. Upon review of the credit reports in the file, it is noted the more recent credit reports list another timeshare (Time Share #2) and the account was current. A quick internet search discovered that Time Share #1 and Time Share #2 are part of the same company. (HE I) I find for Applicant with respect to this debt. It is listed as current on Applicant's most recent credit reports as Time Share #2 which is part of the same company as Time Share # 1. (Item 4 at 2; Item 5 at 5)

SOR ¶ 1.k: \$2,386 delinquent credit union account that was placed for collection. Applicant has not begun payments on this debt. He claims he is negotiating the debt. This status of the debt is unresolved. (Item 2 at 2)

SOR ¶ 1.l: \$2,225 delinquent account that was placed for collection. Applicant has not begun payments on this debt. He included this debt in his debt management agreement with Company A. Attached to his SOR, he provided a copy of Company's A's status list of the debts included in his payment plan. The document indicates that this debt is in negotiation and payments have not begun. It is noted that Applicant has been resolving other debts listed within the payment plan. This allegation is found for Applicant. (Item 2 at 6)

SOR ¶ 1.m: \$1,490 charged-off credit card account. Applicant included this debt in his debt management agreement with Company A. Attached to his SOR, he provided a copy of Company's A's status list of the debts included in his payment plan. The document indicates that 3 of 12 payments have been paid to this creditor. The creditor agreed to settle for \$820. Applicant has paid \$205.03 towards this debt. He is making payments. This allegation is found for Applicant. (Item 2 at 4)

SOR ¶ 1.n: \$1,272 delinquent credit union account that was placed for collection. Applicant has not begun payments on this debt. He claims he is negotiating the debt. The status of the debt is unresolved. (Item 2 at 2)

SOR ¶ 1.o: \$804 delinquent credit union account that was placed for collection. Applicant has not begun payments on this debt. He claims he is negotiating the debt. This status of the debt is unresolved. (Item 2 at 2)

SOR ¶ 1.p: \$39,097 delinquent mortgage that went to foreclosure status. Applicant denies this debt. In his response to the SOR, he said he contacted the mortgage company to verify whether he owed anything on the mortgage. The mortgage company told him that the home was financed with a VA loan. As a result, the VA would pay any amount owed on the mortgage. He also claims he contacted the VA, and they confirmed that he was not responsible for the mortgage. Applicant did not provide documentation from his mortgage company or the VA which indicates he does not owe anything further on the mortgage. A document from the mortgage company or the VA is needed to corroborate Applicant's assertions. It is noted that if he financed the house with a VA loan, it is likely that he owes nothing further on the mortgage. The status of the debt is uncertain due to lack of documentation. (Item 2 at 2)

SOR ¶ 1.q: \$1,317 delinquent jewelry store debt that was charged off. In his response to the SOR, Applicant claims that the debt was paid. He did not provide documentation verifying the debt was paid. I note that the debt is no longer listed on his most recent credit reports. This allegation is found for Applicant. (Item 2 at 2; Item 4; Item 5)

SOR ¶ 1.r: \$5,385 delinquent account that was charged off. In his response to the SOR, Applicant indicated this debt was paid. The most recent credit reports, dated December 12, 2024, and May 29, 2024, indicate the debt was legally settled for less than the full balance. This allegation is found for Applicant. (Item 2 at 4; Item 4 at 1-2; Item 5 at 4)

In his response to DOHA Interrogatories, Applicant provided a summary of his monthly budget as of October 23, 2023. His net monthly income was \$9,162.86. His monthly expenses were \$6,000, his monthly debt payments were \$1,906.94 and his monthly net remainder was \$1,255.92. (Item 7 at 12)

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.” (*Egan* 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.” (EO 10865 § 2)

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the AG. 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.” (EO 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. (*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. 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. (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; AG ¶ 2(b))

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.

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. (ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012)).

AG ¶ 19 notes several disqualifying conditions that could raise security concerns. The disqualifying conditions that are relevant to Applicant's case include:

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

AG ¶ 19(a) and AG ¶ 19(c) apply. Applicant's SOR alleged 18 delinquent debts with a total approximate balance of \$92,000. The largest debt is the \$39,097 mortgage that was foreclosed. The remaining delinquent debts totaled \$52,903.

AG ¶ 20 describes conditions that could mitigate security concerns. 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 in 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 counseling service, and there are clear indications that the problem is being resolved or is under control; and

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

AG ¶ 20(a) does not apply because even though Applicant is making efforts to resolve his delinquent debts, several delinquent debts remain unresolved. His financial problems are still ongoing.

AG ¶ 20(c) does not apply because there is no evidence of financial counseling. While Applicant enrolled in a debt management service, the record is unclear about whether they provide financial counseling.

AG ¶ 20(b) applies in that Applicant's financial problems were aggravated when he lost his job in late 2021. He was only able to find a lower-paying job, which affected his ability to pay his debts. He is partially responsible for the loss of his job. While he claims that it was a misunderstanding, the investigator conducting his background investigation believed that he refused to be interviewed. This mitigating condition applies to the fact that his wife was diagnosed with cancer a few months after he lost his job. This was a circumstance beyond his control. When looking at the record as a whole, I found Applicant acted responsibly under the circumstances. He contacted DCSA and agreed to be interviewed. When he got his job back, he took steps to resolve his debts. He entered some of the debts in a debt management plan. The remaining debts he has taken steps to resolve each debt one or two at time within his ability to pay. He cannot pay off all of his debts at once but is taking reasonable steps to resolve each debt.

AG ¶ 20(d) applies. Applicant has demonstrated he is making a good-faith effort to repay his overdue creditors. He entered into a debt management agreement with Company A in June 2022. He has steadily resolved seven of the debts alleged in the agreement, he is making consistent payments on two of the debts in the agreement, and the two debts remaining in the agreement are pending negotiation. Regarding the debts alleged in the SOR that were not entered into the debt management agreement, he provided proof he is making payments on the debt alleged in SOR ¶ 1.I and he resolved

or made current the debts alleged in SOR ¶¶ 1.j, 1.q and 1.r. Applicant may not be responsible for the mortgage foreclosure debt alleged in SOR ¶ 1.p, but he did not provide documentation that the mortgage was a VA loan and therefore not collectible. The debts alleged in SOR ¶¶ 1.a, 1.b, 1.k, 1.n, and 1.o are unresolved at the end of the record. However, Applicant has taken steps to resolve his debts within his means.

Overall, Applicant mitigated the concerns raised under Financial Considerations.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether the granting or continuing of national security eligibility is clearly consistent with the interests of national security must be an overall commonsense judgment based upon careful consideration of the adjudicative guidelines, each of which is to be evaluated in the context of the whole person. 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 I have considered the factors in AG ¶ 2(d). I considered that Applicant encountered significant debt over the years. I considered that his wife was diagnosed with cancer a few months after he was lost his clearance. I considered that his ability to resolve his delinquent accounts was challenged by his wife's illness and being under-employed. Since June 2022, Applicant has taken constructive steps to resolve his delinquent accounts. He has resolved nine of the delinquent accounts, and he is making payments on three of the delinquent accounts. He is actively working on resolving his remaining delinquent debts. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude that Applicant mitigated the security concerns raised under financial considerations.

Formal Findings

Formal findings 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: FOR APPLICANT

Subparagraphs 1.a – 1.r: For Applicant

Conclusion

I conclude that it is clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Clearance is granted.

Erin C. Hogan
Administrative Judge