



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 25-00176

Appearances

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

08/25/2025

Decision

HOGAN, Erin C., Administrative Judge:

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

Statement of the Case

Applicant submitted a security clearance application (SCA) on April 22, 2024. On February 13, 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 March 6, 2025, and requested a decision based on the written record in lieu of a hearing. On March 19, 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 7. 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 2, 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 DOHA Hearing Office on June 3, 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 7 are admitted into evidence.

Findings of Fact

Applicant, age 45, is an employee of a DOD contractor who is seeking a security clearance for the first time. He has been employed with the DOD contractor since May 2022. He has no military service. His highest level of education is a bachelor's degree. He is married and has one daughter. (Item 3)

The SOR alleged Applicant had eight delinquent debts including: a \$44,884 balance from an automobile repossession (SOR ¶ 1.a: Item 4 at 3, Item 5 at 3); a \$5,213 delinquent account that was placed for collection (SOR ¶ 1.b: Item 4 at 2, Item 5 at 4); a \$5,000 charged-off delinquent account (SOR ¶ 1.c: Item 4 at 3), a \$2,887 charged-off delinquent account (SOR ¶ 1.d: Item 5 at 4; Item 6); a \$1,329 charged-off credit card account (SOR ¶ 1.e: Item 5 at 4); an \$845 delinquent account that was placed for collection (SOR ¶ 1.f: Item 5 at 4); a \$662 delinquent account that was placed for collection (SOR ¶ 1.g: Item 4 at 2; Item 5 at 5); and a \$429 delinquent account that was placed for collection. (SOR ¶ 1.h: Item 4 at 2-3)

In his response to the SOR, Applicant admitted the debts alleged in SOR ¶¶ 1.a, 1.e, and 1.h. He notes that he is working on paying off these debts. His largest debt is the \$44,884 debt related to the automobile repossession alleged in SOR ¶ 1.a. He told the investigator who conducted his background investigation interview on July 25, 2024, that his car was hit with 12 bullets from a shooting that happened on his street. The police took his car for evidence. After he received the car back, he attempted to file a claim with his insurance company but was unable to do so because his insurance lapsed for failure to make payments on the policy. In May 2024, the car was repossessed for failure to make payments. Applicant did not make the payments because he believed the car would be classified as a total loss. (Item 7 at 2)

Applicant denied the debts alleged in SOR ¶¶ 1.b, 1.c, 1.d, 1.f, 1.g and 1.h. He indicated that he was working to get these debts removed from his credit report. He denied the \$2,887 debt alleged in SOR ¶ 1.d because he claimed it was his wife's account. On January 27, 2021, the creditor obtained a judgment in small claims court against both Applicant and his wife. The creditor holds both of them responsible for the debt. (Item 6) Applicant did not explain in detail the reasons why he denied the debts.

On his April 22, 2024 security clearance application, Applicant answered, “Yes.” in response to “Section 26 – Financial Record – Assistance for Financial Difficulties – Are you currently utilizing, or seeking assistance from, a credit counseling service or other similar resource to resolve your financial difficulties?” He indicated that he was using a debt service. He claims that his adoptive parent messed up his credit when he was younger and that he did not make wise decisions when he was in his twenties. He is trying to improve his credit so that he can buy a house. (Item 3 at 30)

Applicant did not provide statements additional evidence of what steps he is taking to resolve his delinquent debts and what steps he is taking to dispute any of the debts which he denied. All of the debts alleged in the SOR remain unresolved.

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 to Applicant's delinquent debts alleged in SOR ¶¶ 1.a through 1.h. The total approximate balance of the delinquent debt is \$61,249. The largest debt is the \$44,884 loan on the car that was repossessed. The remaining delinquent debts totaled \$16,365.

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;
- (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.

AG ¶ 20(b) partially applies with respect to the debt alleged in SOR ¶ 1.a. The fact that Applicant's car was shot 12 times due to a shooting that occurred on the street where he lived is a circumstance beyond his control. This mitigating condition is given less weight because Applicant let his car insurance lapse and he was unable to submit an insurance claim. His car was repossessed because he stopped making the payments on his car loan.

None of the remaining mitigating conditions apply. Applicant provided no documentation about the status of any of the delinquent debts alleged in the SOR. He provided no proof that any payments were made towards any of the debts, such as receipts from the creditor, copies of bank statements or cancelled checks. An expressed intention to resolve one's accounts in the future does not demonstrate a good-faith basis to resolve one's debts. He provided no documentation pertaining to his attempts to dispute the debts. No evidence was provided which would substantiate the basis of his disputes. None of the debts alleged in the SOR are resolved. Overall, Applicant failed to meet his burden of proof to mitigate 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). Applicant failed to provide evidence of his efforts to resolve or dispute his delinquent account. 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 has not 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:	AGAINST APPLICANT
Subparagraphs 1.a – 1.h:	Against Applicant

Conclusion

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

Erin C. Hogan
Administrative Judge