



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



In the matter of:

Applicant for Security Clearance

)  
)  
) ISCR Case No. 24-01971  
)  
)

**Appearances**

For Government: Karen Moreno-Sayles, Esq., Department Counsel  
For Applicant: *Pro se*

09/17/2025

**Decision**

BORGSTROM, Eric H., Administrative Judge:

Applicant did not mitigate the security concerns arising from his delinquent debts. Eligibility for access to classified information is denied.

**Statement of the Case**

On January 3, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). The DCSA acted under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) implemented by the DOD on June 8, 2017.

In Applicant's undated response to the SOR (Answer), he denied SOR ¶¶ 1.a., 1.e., and 1.f., and he admitted the debts in SOR ¶¶ 1.b., 1.c., 1.d., 1.g., and 1.h. He claimed to have filed disputes on some accounts (SOR ¶¶ 1.a., 1.e., and 1.f.), initiated payment plans on other accounts (SOR ¶¶ 1.b.-1.d.), and to be attempting to refinance his mortgage loan (SOR ¶ 1.g.). He attached no documentary evidence to corroborate

his claims. He requested a decision by an administrative judge of the Defense Office of Hearings and Appeals based upon the written record in lieu of a hearing. (Answer)

On May 1, 2025, Department Counsel submitted a file of relevant material (FORM) and provided a complete copy to Applicant. Department Counsel's FORM included Government Exhibits (GE) 1 through 9. In the FORM, Department Counsel provided Applicant notice that failure to respond to the FORM may be considered a waiver of any objections to the admissibility of the evidentiary exhibits.

On May 13, 2025, Applicant received the FORM and its attachments. A cover letter included with the FORM advised Applicant that he had 30 days from the date of receipt to file any objections or to provide any additional information in support of his clearance eligibility. He did not submit a response to the FORM nor object to any of the Government's evidentiary exhibits. The case was assigned to me on September 2, 2025. Government's Exhibits 1 through 9 are admitted into evidence without objection.

### **Findings of Fact**

Applicant is 48 years old. He graduated from high school in 1995. He has been married since 2002, and he has two children (ages 21 and 17) and one stepchild (age 26). (GE 2)

From February 2017 to July 2019, Applicant was employed full time as a facilities technician for a private company. From July 2019 to December 2019, he was employed full time as a facilities manager for a private company. From December 2019 to November 2023, he was employed full time as a building engineer for a private company. Since November 2023, he has been employed full time as a facilities manager with a DOD contractor. From May 2009 to November 2021, he also served part-time in the Army National Guard, from which he was honorably discharged. (GE 2, GE 4)

On May 6, 2009, Applicant completed and certified an Electronic Questionnaire for Investigations Processing (e-QIP). Under Section 26 – Financial Record, he reported a \$13,000 debt for a vehicle repossession and having filed a Chapter 7 bankruptcy petition (SOR ¶ 1.h.). On December 5, 2023, Applicant submitted an updated e-QIP. Under Section 26 – Financial Record, he reported one delinquent account (SOR ¶ 1.b.). (GE 2-3)

On January 24, 2024, Applicant was interviewed by an authorized investigator on behalf of the Office of Personnel Management (OPM). He confirmed his reported delinquent account (SOR ¶ 1.b.) and explained that he had been unable to save enough money to set up a payment plan. During the interview, he was confronted about SOR ¶¶ 1.a. and 1.e., of which he claimed to be unaware. He was also confronted about SOR ¶¶ 1.c., 1.d., 1.f., and 1.g., which he admitted and planned to resolve when he had sufficient funds. He acknowledged his financial delinquencies, which he attributed to earning a low salary in 2020. (GE 4)

The SOR alleges financial considerations security concerns based upon seven delinquent consumer accounts and a Chapter 7 bankruptcy. The delinquent accounts are established by Applicant's three credit bureau reports, from December 2023, September 2024, and April 2025.

**SOR ¶ 1.a.** This individual account was opened in October 2021, became delinquent in about August 2022, and was placed for collection in the approximate amount of \$6,768. In his Answer, Applicant denied that this debt was his account; however, he has not provided any evidence showing that he has disputed this account with the creditor or the credit bureaus or that he has taken any steps to otherwise resolve this delinquent account. **This debt is not resolved.** (Answer; GE 7-9)

**SOR ¶ 1.b.** This credit-card account was opened in November 2021, became delinquent in about November 2022, and was charged off in the approximate amount of \$5,418. Applicant admitted this account in his e-QIP, during his security interview, and in his Answer. Although he claimed to have set up a payment plan, he provided no evidence corroborating his claim or showing that he has adhered to the payment plan. **This debt is not resolved.** (Answer; GE 2, 7-9)

**SOR ¶ 1.c.** This credit-card account was opened in May 2021. As of December 2023, this account was at least 120 days past due in the approximate amount of \$351. This account has been placed for collection in the approximate amount of \$1,448. In his Answer, he admitted this delinquent account and claimed to be on a payment plan. He did not provide any evidence to corroborate his claimed plan or any payments in adherence to this plan. **This debt is not resolved.** (Answer; GE 7-9)

**SOR ¶ 1.d.** This credit-card account was placed for collection in the approximate amount of \$1,308. In his Answer, he admitted this delinquent account and claimed to be on a payment plan. He did not provide any evidence to corroborate his claimed plan or any payments in adherence to this plan. **This debt is not resolved.** (Answer; GE 7-9)

**SOR ¶ 1.e.** This personal loan was incurred in March 2022 in the approximate amount of \$15,000, and it was delinquent as of July 2022. According to Applicant's credit reports, this account was placed for collection in December 2022 in the approximate amount of \$16,758. In his Answer, Applicant claimed that he had filed a dispute on this account because it was not his account. Applicant's April 2025 credit report lists a past-due balance of \$14,673. There is no evidence to corroborate Applicant's claimed dispute with the creditor or the credit bureaus or that he has taken any steps to otherwise resolve this delinquent account. **This debt is not resolved.** (Answer; GE 7-9)

**SOR ¶ 1.f.** This credit-card account was placed for collection in the approximate amount of \$1,496. According to Applicant's April 30, 2025 credit report, this account remains unpaid. This credit report notes that an investigation was completed, and the account remained on Applicant's credit report as delinquent following the dispute. **This debt is not resolved.** (GE 8-9)

**SOR ¶ 1.g.** This mortgage account was opened in July 2020. As of December 2023, this account was 60 days past due in the approximate amount of \$6,385. In his Answer, Applicant claimed to be refinancing this delinquent account; however, he provided no evidence to corroborate his claim. His April 30, 2025 credit report noted that foreclosure proceedings had started on this account, which was listed as 180 days past due in the approximate amount of \$50,473. **This debt is not resolved.** (Answer; GE 7, GE 9)

**SOR ¶ 1.h.** On August 19, 2005, Applicant filed a voluntary petition for Chapter 7 bankruptcy. The petition listed liabilities in the approximate amount of \$27,142. On November 30, 2005, the dischargeable debts were discharged. (Answer; GE 5, GE 6)

The Government submitted a credit report, dated May 16, 2009. This credit report lists two delinquent vehicle loans in the approximate amount of \$10,414 and \$10,632. Both vehicle loans were incurred after the bankruptcy discharge. This credit report also listed several additional accounts which had been charged off or placed for collection since the bankruptcy discharge. (GE 6)

Applicant did not provide any information about his monthly expenses and monthly income, so I was unable to ascertain if he was able to maintain his monthly financial obligations. There is no evidence of any credit counseling.

### **Policies**

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's eligibility for access to classified information.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines in conjunction with the factors listed in the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(a), the entire process is a conscientious scrutiny of a number of variables known as the "whole-person concept." The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that "[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security."

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, the applicant is responsible for presenting "witnesses and other evidence to rebut, explain, extenuate, or

mitigate facts admitted by the applicant or proven by Department Counsel.” The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to sensitive information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive information.

Section 7 of EO 10865 provides that adverse decisions shall be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See *also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

## **Analysis**

### **Guideline F: Financial Considerations**

The security concern for financial considerations is set out in AG ¶ 18:

Failure to live within one’s means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual’s reliability, trustworthiness, and ability to protect classified or sensitive information. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental health conditions, substance misuse, or alcohol abuse or dependence. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. . . .

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

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

The Government established Applicant’s seven delinquent consumer accounts, totaling approximately \$81,584, according to the balances on his April 2025 credit report. Applicant’s 2005 bankruptcy also demonstrates a history of not meeting financial obligations. AG ¶¶ 19(a) and 19(c) apply.

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

- (a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;
- (b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, a death, divorce, or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances;
- (c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source, such as a non-profit credit counseling service, and there are clear indications that the problem is being resolved or is under control;
- (d) the individual has 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.

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

Applicant's April 2025 credit report illustrates that his seven delinquent accounts remain delinquent, and his financial problems are ongoing. There is no evidence of credit counseling. AG ¶¶ 20(a) and 20(c) do not apply.

Applicant attributed his financial problems to his low income. He has not provided any information about his monthly income and expenses, either during the period these accounts became delinquent or his current monthly finances. He repeatedly claimed that two accounts were not his accounts (SOR ¶¶ 1.a. and 1.e.); however, he did not provide evidence of actions to dispute these accounts with the creditors or to otherwise resolve the issues. He also claimed payment plans, but he did not provide documentary evidence of the payment plans or payments in adherence to his purported plans. Rather, his April 2025 credit report shows a worsening situation with his mortgage loan, which is now in

foreclosure proceedings. He has not provided sufficient evidence to demonstrate circumstances beyond his control that contributed to his financial problems or that he has acted responsibly to address and resolve his financial delinquencies. AG ¶¶ 20(b), 20(d), and 20(e) do not apply. Applicant did not mitigate the financial considerations security concerns.

### **Whole-Person Concept**

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for access to classified information by considering the totality of the applicant's conduct and all relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

(1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F and the factors in AG ¶ 2(d) in this whole-person analysis.

Applicant served honorably in the Army National Guard for over 12 years. Notwithstanding his military service, he did not provide sufficient evidence to demonstrate circumstances beyond his control, that he acted responsibly, that he established payment plans, or that he had adhered to those payment plans. Based upon the record evidence, doubts remain as to his financial responsibility, reliability, and judgment. He did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

### **Formal Findings**

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by section E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a.-1.h.:	Against Applicant

## **Conclusion**

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

Eric H. Borgstrom  
Administrative Judge