



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



In the matter of:)
)
) ISCR Case No. 25-00182
)
Applicant for Security Clearance)

Appearances

For Government: Tara Karoian, Esq., Department Counsel
For Applicant: *Pro se*

10/02/2025

Decision

Dorsey, Benjamin R., Administrative Judge:

Applicant did not mitigate the financial considerations security concern. Eligibility for access to classified information is denied.

Statement of the Case

On February 19, 2025, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F, financial considerations. Applicant responded to the SOR on March 4, 2025, and requested a decision based on the written record in lieu of a hearing.

The Government submitted its written file of relevant material (FORM) on April 22, 2025. A complete copy of the FORM was provided to Applicant, along with information advising him that he had 30 days from his date of receipt to admit or deny the SOR amendments, make objections to evidence, and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on May 2, 2025. He did not provide a response to the FORM. The case was assigned to me on August 27, 2025. The Government exhibits included in the FORM, marked as Items 1-6, are admitted in evidence without objection.

Findings of Fact

Applicant is a 40-year-old employee of a government contractor for which he has worked since May 2019. He earned a high school diploma in 2004. He has been married since 2010 and has five children, ages 18, 12, 11, and 10 (twins). (Items 3, 6)

The SOR alleges Applicant owed 18 delinquent accounts totaling about \$35,500 (SOR ¶¶ 1.a-1.r). These debts consist of credit cards, a payday loan, a personal loan, an auto loan, and a gym membership. In his response to the SOR, he admitted all the SOR debts with additional comments. His admissions are incorporated into the findings of fact. The SOR allegations are established by his admissions and Applicant's 2024 and 2025 credit reports. In the Answer, he claimed that he has paid the debts in SOR ¶¶ 1.a, 1.h, 1.j, 1.o, and 1.q. He claimed that he is awaiting a document to corroborate that he paid off the debt in SOR ¶ 1.a. He claimed to have made a payment arrangement on the debts in SOR ¶¶ 1.c, 1.d, 1.f, and 1.g. He claimed that, at this time, he is financially unable to pay the debts in SOR ¶¶ 1.e, 1.i, 1.k, 1.l, 1.m, 1.o, 1.p, and 1.r. The debt in SOR ¶ 1.r is by far the largest at \$12,083, as indicated in the 2025 credit report (not the \$14,114 balance listed in the SOR). He claimed that he attempted to get in touch with the creditor in SOR ¶ 1.b but was unable to get in touch with the right creditor and is still awaiting a call back. (Items 2-6)

In the Answer, Applicant provided a document showing that, on March 3, 2025, he made a payment arrangement with the creditor who currently holds the debts in SOR ¶¶ 1.c and 1.d to settle those accounts by making 24 payments for a total of \$1,200 and \$1,020, respectively. He provided a letter showing that, on February 27, 2025, he made a payment arrangement with the creditor to settle the debt in SOR ¶ 1.f by making nine monthly payments for a total of \$456. He provided a letter dated February 27, 2025, showing that he made a payment arrangement with the creditor to settle the debt in SOR ¶ 1.h for one payment of \$390. He provided a document showing that, on March 3, 2025, he made a payment arrangement with the creditor to settle the debt in SOR ¶ 1.j by making two payments in March 2025 totaling \$390. He provided an undated document showing that he made a payment arrangement with the creditor to settle the debt in SOR ¶ 1.n with nine monthly payments totaling \$358. He did not provide any documents to corroborate that he made these payments or that he settled any of the SOR accounts. (Items 2-6)

Applicant claimed he became delinquent on the SOR accounts between 2018 and February 2024. He started having financial problems because of inflation and the higher cost of living. He was unemployed for about six months in 2017 after he was fired from a job for poor performance but has otherwise been employed since 2008. There is no evidence that he has undergone financial counseling. He 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. The Government's 2025 credit report

reflects that he opened two accounts for auto loans in June 2023 in the amounts of \$36,600 and \$35,500. There is no evidence these accounts are delinquent, and they are not alleged in the SOR, so I will not consider them for disqualification purposes, but I will consider them for appropriate purposes such as evidence of mitigation or in my whole-person analysis. (Items 2-6)

Policies

This case is adjudicated under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG), which became effective within DOD on June 8, 2017.

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(c), 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 classified 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 classified information. 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 of potential, rather than actual, risk of compromise of classified 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 *a/so* 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.

Applicant had 18 delinquent accounts totaling about \$35,500. At least one of the debts was delinquent for seven years. The above disqualifying conditions are established.

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

- (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; and

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

It is reasonable to expect Applicant to present documentation about the resolution of specific debts. See, e.g., ISCR Case No. 15-03363 at 2 (App. Bd. Oct. 16, 2016). While Applicant claimed to have satisfied several of his debts, he did not provide any documents to corroborate having paid them. For the debts where he did provide documentary evidence of a payment arrangement, he did not provide any documents showing that he had made the payments those arrangements required. He also still had significant delinquencies that he acknowledged he had not addressed, including one that made up about one-third of the sum total of his SOR debts. While making payment arrangements with his creditors was a step in the right direction, I note that he began making these payment arrangements only after the SOR was issued and when he realized his delinquent debts may jeopardize his ability to obtain a security clearance. This timing causes me to question whether he would follow well-established rules if his personal interests were not affected, and therefore casts doubt on his reliability, trustworthiness, and good judgment. Applicant's financial delinquencies are ongoing and therefore recent. He has not provided sufficient evidence to show that he has acted responsibly under the circumstances, or that his efforts to resolve his debts were made in good faith. None of the mitigating conditions are applicable.

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 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 in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant did not mitigate the financial considerations security concern.

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.r:	Against Applicant (except that the balance of SOR 1.r is \$12,083)

Conclusion

It is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

Benjamin R. Dorsey
Administrative Judge