



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



In the matter of: )  
)  
) ISCR Case No. 24-01566  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Mark Lawton, Esq., Department Counsel  
For Applicant: *Pro se*

11/17/2025

**Decision**

PRICE, Eric 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 December 16, 2023. On October 17, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued to Applicant a Statement of Reasons (SOR) detailing security concerns under Guideline F. The action was taken under 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) promulgated in Security Executive Agent Directive 4 (SEAD 4), *National Security Adjudicative Guidelines* (December 10, 2016), for all adjudicative decisions on or after June 8, 2017.

Applicant responded to the SOR (Answer) on November 15, 2024, and requested a hearing before an administrative judge. The case was assigned to me on July 2, 2025. On July 31, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice scheduling the hearing via video teleconference.

I convened the hearing as scheduled on September 24, 2025. Department Counsel offered Government Exhibit (GE) 1 through GE 5, which were admitted without objection. Applicant testified and submitted Applicant Exhibit (AE) A, which was admitted without objection. DOHA received the hearing transcript (Tr.) on October 10, 2025. (Tr. 11-20, Hearing Exhibit (HE) I)

### Findings of Fact

In Applicant's answer to the SOR, he admitted all the allegations. His admissions are incorporated in my findings of fact. (Answer)

Applicant is 51 years old. He owns a private company and has worked under contract as a software architect for a federal contractor since March 2023. He has served as chief technology officer for a different company since 2021 and has worked in various information technology (IT) positions for more than 25 years. He recently started a small online business to earn extra income. He has never held a security clearance. (GE 1, GE 4; Tr. 10, 24-28, 54-58)

Applicant earned a bachelor's degree in 1999. He married in 2000 and divorced in January 2023. He has one adult age child. (GE 1; Tr. 21-24, 57-58)

The SOR alleges 12 delinquent debts totaling about \$95,877 reflected in credit reports from January 2024, August 2024, and September 2025. (GE 2, GE 3, GE 5) Applicant disclosed most of the delinquent debts alleged in the SOR in his December 2023 SCA and discussed the debts with a government investigator in April 2024. (GE 1 at 32-39, GE 4 at 2-4) Applicant testified that except for the \$5,097 debt alleged in SOR ¶ 1.h that I will discuss in further detail below, he had not contacted the creditors, made any payments on, or otherwise attempted to resolve the delinquent debts alleged in the SOR. (Tr. 21-41, 60-63)

Applicant attributes his financial problems to his divorce, moving expenses associated with marital separation and an attempted reconciliation, increased expenses when he transitioned from an employee to an independent contractor, and financial support to his daughter, her boyfriend and their child. He is working multiple jobs to generate sufficient income to pay his debts. His top priority is making required payments on a debt not alleged in the SOR, a \$28,000 federal income tax debt for tax year (TY) 2018 through TY 2022. After resolving the debt alleged in SOR ¶ 1.h, he intends to address each delinquent debt one at a time from the smallest to the largest until all debts are resolved. (GE 1 at 32-41, GE 4 at 2-4; Tr. 21-60)

Evidence concerning the debt alleged in SOR ¶ 1.h is summarized below.

**SOR ¶ 1.h: credit card charged off for \$5,097.** This individual credit card account was opened or assigned in April 2022, charged off for \$5,097 on or before January 23, 2024, and had a past due balance of \$2,822 as of September 16, 2025. Applicant testified that after receiving several offers from the creditor to settle the debt he entered a payment arrangement in about February 2025 to settle it for \$2,100. He submitted evidence of

monthly payments from February to August 2025 totaling \$1,500 that reduced the past due balance to \$2,822, and evidence that monthly payments were scheduled from September through November 2025. (GE 1 at 33-34, GE 2 at 4, GE 3 at 3, GE 4 at 2, GE 5 at 2; AE A; Tr. 39-44, 60-63) This debt is being resolved.

Applicant currently earns about \$168,000 per year from his various jobs and business pursuits. After paying his monthly expenses including his delinquent tax debt, he essentially has no net remainder to apply to his other delinquent debts. He has about \$2,100 in savings and crypto currency and no retirement savings account. He also has about \$73,000 in student loan debt that is several months delinquent but that was not alleged in the SOR. (Tr. 50-52, 63-68)

Applicant was informed of the importance of providing documentary evidence regarding matters alleged in the SOR but declined the opportunity for additional time to submit documentary evidence. (Tr. 7-8, 23-24, 61-63, 74-75)

### **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.” *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 § 2.

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, 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.” Exec. Or. 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. 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. 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. See 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.

## **Analysis**

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

The security 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. . . . 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 or sensitive information to raise money. It encompasses concerns about a person’s self-control, judgment, and other qualities essential to protecting classified or sensitive information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified or sensitive information. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Applicant’s admissions and record evidence, including credit bureau reports, establish two disqualifying conditions under this guideline: AG ¶ 19(a) (inability to satisfy debts) and AG ¶ 19(c) (a history of not meeting financial obligations). The following mitigating conditions 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;

(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; and

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

AG ¶ 20(d) is established for the debt alleged in SOR ¶ 1.h. Applicant is credited with mitigating the debt because he has adhered to a good-faith effort to resolve the debt by making monthly payments in accordance with a payment plan since February 2025.

None of the above mitigating conditions are established for the debts alleged in SOR ¶¶ 1.a-1.g and I.i-1.l. Applicant's delinquent debts are numerous, ongoing and he did not submit sufficient evidence to establish that they were incurred under circumstances unlikely to recur. Although his divorce and associated costs were conditions largely beyond his control; he has not produced sufficient evidence that he acted responsibly under the circumstances. There is no evidence he has sought financial counseling, and he has not attempted to contact or repay overdue creditors or otherwise resolve those debts.

### **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.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). I found Applicant's testimony to be sincere and credible. I considered his age, work history, limited financial resources to pay his delinquent debts and that his financial problems were caused in part by conditions beyond his control. I also considered that he is resolving the debt alleged in SOR ¶ 1.h (\$5,097) and delinquent federal tax debt (about \$28,000) not alleged in the SOR. However, there is insufficient evidence to conclude that Applicant has acted responsibly given his circumstances.

After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concerns raised by his delinquent debts.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for award of a security clearance in the future. With a longer track record of financial responsibility, he may be able to demonstrate persuasive evidence of his security clearance worthiness. Overall, the record evidence leaves me with questions and doubts as to his eligibility and suitability for a security clearance at this time.

### **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.g:	Against Applicant
Subparagraph 1.h:	For Applicant
Subparagraphs 1.i-1.l:	Against Applicant

### **Conclusion**

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.

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Eric C. Price  
Administrative Judge