



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



In the matter of: )  
 )  
 ) ISCR Case No. 25-00376  
 )  
Applicant for Security Clearance )

**Appearances**

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

12/02/2025

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**Decision**

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HALE, Charles C., Administrative Judge:

Applicant presented insufficient evidence of what progress he has made to resolve his delinquent debt. Under these circumstances, he failed to mitigate the financial considerations security concerns. His application for a security clearance is denied.

**Statement of the Case**

Applicant submitted a security clearance application (SCA) on June 11, 2024. On April 25, 2025, the Department of Defense (DoD) issued him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DoD acted under Executive Order (Exec. Or.) 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) promulgated in Security Executive Agent Directive 4, National Security Adjudicative Guidelines (June 8, 2017).

Applicant answered the SOR on May 15, 2025, and requested a decision on the written record without a hearing. Department Counsel submitted the Government's written case on July 14, 2025, including Items 1-9. A complete copy of the file of relevant material (FORM) was received by Applicant on July 29, 2025, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the Government's evidence. He elected to not respond. The case was assigned to me on November 24, 2025.

FORM Items 1 and 2, the SOR, and his Answer respectively, are the pleadings in the case. FORM Items 3 through 9 are admitted into evidence without objection.

### **Findings of Fact**

Applicant is 48 years old. He has been married since 2004. He has 19-year-old twins. He has worked for his sponsor since May 2024. He worked for his initial sponsor from 1998 until 2023, when he was let go for misconduct. He was unemployed from July 2023 until April 2024 when he began working for a home supply store until he was hired by his current sponsor in May 2024. In February 2024, to address his financial problems they sold their home in state Z and moved to state B where he and his wife both found "great jobs to help get all [their] debts paid." (Answer; Item 3; Item 8.)

Applicant cites the COVID pandemic for his financial problems when his wife lost her teaching job. After working 19 years in state Y for his initial sponsor, he transferred to state Z, a neighboring state to take a new position. He was terminated from this position in 2023. His Answer states he was let go from his job of 25 years in July of 2023 and his SCA answer states, "left by mutual agreement following notice of unsatisfactory performance" and cited the reason as, "area assigned was new to my experience, not sufficient training provided. Hired more contract labor." The company's employee corrective action memo states he was being "discharged from the company" "due to the serious nature of the offenses" involving the "unacceptable acceptance or approval of work," which requires him to "process and report information accurately, honestly, and properly." While unemployed he used credit cards to help pay bills and ultimately fell behind on those accounts. (Answer at 3, Item 8.)

Applicant admits all five debts totaling approximately \$29,732, and states "see attached response documents" after each debt. (Answer.)

SOR ¶ 1.a states he is indebted for an account placed for collection by a creditor in the approximate amount of \$9,116 and as of the date of the SOR remains delinquent. In his Answer he stated he started a repayment plan in February 2025, and that it was current. The payment history included with his Answer reflects a \$1,000 payment on February 21, 2025, and two more payments in March and April of \$133.47 again on the 21<sup>st</sup> of the month. (Answer at 3, 10.) The payment confirmation section indicates he will finish his monthly payments of \$133 on July 21, 2028. (Answer at 1, 3, 10, 11-14.) The February 25, 2025 credit report shows a current balance of \$9,116. (Item 6 at 2.) The July 14, 2025 credit report shows a \$7,582 current balance with a last paid date of June 21,

2025, and that it had been disputed by the consumer. (Item 5 at 2-3.)

SOR ¶ 1.b states Applicant is indebted to a bank for an account placed for collection in the approximate amount of \$7,029, which as of the date of the SOR remains delinquent. In his Answer he states the debt is in dispute with the credit reporting agency and that the account should have been closed with the sale of his home. The July 2025 credit report shows the current unpaid balance as \$7,029 and that it had been past due since May 2023 with no activity. (Answer at 3; Item 4; Item 5 at 1-2.)

SOR ¶¶ 1.c and 1.d state Applicant is indebted to the same credit card company for accounts placed for collection in the approximate amounts of \$6,780 and \$5,949, respectively. As of the date of this SOR, these accounts remain delinquent. In his Answer he admits these debts and states they are current. In the statement portion of his Answer, he explains these debts are owned by a law firm and that each paycheck a payment is sent and that he has been current since October 2024. His October 2024 earnings statement shows a garnishment payment of \$241, with a year-to-date total of \$741 and his May earnings statement shows a \$249 payment, with a year-to-date total of \$2,551. (Answer at 3-8; Item 4 at 10.) His July 14, 2025 credit report shows SOR ¶ 1.c with no change in the past due amount, with no payments since May 2023, and that SOR ¶ 1.d has a current balance of \$5,464, with no payments reflected since May 2023. (Item 5 at 3.)

SOR ¶ 1.e states Applicant is in indebted to a creditor for an account placed for collection in the approximate amount of \$858, which as of the date of the SOR remains delinquent. He admits the debt and states the “account will be closed” and to see attached response documents. The payment confirmation provided with his Answer states his payment arrangement for \$557 had been confirmed and was scheduled for May 23, 2025, which is also listed as the Final Payment. In the statement portion of his Answer, he explains the account should be closed soon because he is actively working to get his “financial situation back on track” and ensure that his “financial obligations are met promptly.” (Answer 2-3, 15.) The debt appears on the February 2025 credit report but does not appear on the July 2025 credit report. (Item 5; Item 6 at 3.)

He concludes his Answer with:

I take my responsibilities very seriously, particularly when it comes to maintaining the security and confidentiality of sensitive information. I understand the importance of maintaining a high standard of personal integrity, and I am committed to ensuring that my financial situation does not affect my ability to carry out my duties reliably and securely.

I understand the risks that financial instability can pose, and I am dedicated to resolving my current situation as quickly and responsibly as possible. I am confident that this will not interfere with my ability to perform my duties, and I will continue to take steps to ensure that my financial situation does not impact on my professional responsibilities. (Answer at 3.)

The July 2025 credit report reflects that Applicant is current on his car loan as of June of 2025. The car loan was taken out in June of 2023. The July 2025 credit report also shows his total current past due amount at \$36,066. (Item 5 at 1.)

## 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 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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

The following disqualifying conditions are applicable in AG ¶ 19:

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

Applicant's debts are documented in his credit reports and his Answer. The above disqualifying conditions apply.

The following mitigating conditions are potentially applicable in AG ¶ 20:

- (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;

(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(a) is not established and AG ¶ 20(b) is partially established. Applicant's delinquent debts are numerous and recent. The loss of his wife's teaching position qualifies as a circumstance beyond his control. However, the nature in which he lost his position does not. Applicant's payment history for some of the SOR debts is not established. He reduced the SOR ¶ 1.a debt and SOR ¶ 1.e does not appear on the last credit report but he did not provide evidence he actually resolved the debt. His actions concerning the other debts are incomplete and do not establish his current reliability, trustworthiness, and good judgment, and that he has acted responsibly under the circumstances.

AG ¶ 20(d) is only partially established. He has initiated payments but there is insufficient evidence he is adhering to a good-faith effort to repay overdue creditors or is adhering to his agreements. SOR ¶¶ 1.c and 1.d appear to be being resolved involuntarily through a garnishment, with some evidence that one of the debts is being reduced. Only SOR ¶ 1.a has clearly decreased in his credit history and this fact is supported by evidence.

AG ¶ 20(e) is partially established. Applicant's disputes are limited and are associated with a debt, SOR ¶ 1.a, where he has taken action to resolve the debt. He did not document his basis to dispute the legitimacy of the past-due debts.

## **Whole-Person Concept**

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. In applying the whole-person concept, an 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. 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 considered the evidence relating to the nine whole-person factors. That evidence is insufficient to outweigh the evidence discussed in the financial considerations analysis section, *supra*.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of true reform and rehabilitation necessary to be eligible for a security clearance. The determination of an individual's eligibility and suitability for a security clearance is not a once in a lifetime occurrence, but is based on applying the factors, both disqualifying and mitigating, to the evidence presented. Under Applicant's current circumstances, a clearance is not warranted. In the future, he may well demonstrate persuasive evidence of his security worthiness.

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.

### **Formal Findings**

I make the following formal findings on the allegations in the SOR:

|                           |                   |
|---------------------------|-------------------|
| Paragraph 1, Guideline F: | AGAINST APPLICANT |
| Subparagraph 1.a:         | For Applicant     |
| Subparagraphs 1.b-1.e:    | Against Applicant |

### **Conclusion**

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

Charles C. Hale  
Administrative Judge