



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



In the matter of:

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ISCR Case No. 24-00349

Applicant for Security Clearance

Appearances

For Government: Alison O'Connell, Esq., Department Counsel

For Applicant: *Pro se*

12/29/2025

Decision

HYAMS, Ross D., Administrative Judge:

Applicant failed to mitigate the financial considerations security concerns arising from his charged-off and delinquent debts. Eligibility for access to classified information is denied.

Statement of the Case

On April 4, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guidelines F (financial considerations) and E (personal conduct). Applicant answered the SOR on April 8, 2024, and requested a hearing before an administrative judge. The case was assigned to me on April 1, 2025.

The hearing convened on July 16, 2025. Department Counsel submitted Government Exhibits (GE) 1-5, which were admitted in evidence without objection. Applicant did not submit any documentation at the hearing. After the hearing concluded, I held the record open three weeks to allow Applicant to submit documentation. He timely submitted Applicant's exhibits (AE) A-I, which were admitted without objection.

The completion of this decision was delayed when all administrative judges were furloughed from October 1 through November 12, 2025, during a federal government shutdown due to a lapse in federal funding.

Findings of Fact

Applicant denied all the SOR allegations. Based on my review of the pleadings, evidence submitted, and testimony, I make the following findings of fact.

Applicant is 34 years old. He works as a test engineer for a defense contractor. He married in 2015 and divorced in 2021. He graduated from high school in 2009 and has attended some college. He served in the active-duty Army from 2013-2016, and he was honorably discharged. (Tr. 14-16; GE 1)

Applicant attributed his financial problems to his ex-wife. He stated she opened the accounts alleged in the SOR, without his knowledge, and left him with the debt. He stated that she was abusive and cut him off from his family for two years. He claimed he had no financial control when he was with her. He claimed he did not know about any of these debts until he received the SOR. However, he acknowledged the debts in his September 2023 response to a financial interrogatory. (Tr. 16-39; GE 2)

Applicant stated in the investigation, his SOR Answer, and at the hearing that the debts were fraudulently opened by his ex-wife, however, he did not provide documentation showing he disputed the legitimacy of the debts with the creditors or credit reporting agencies. Beyond his testimony, documents in the record reflect that he is responsible for the debts. (Tr 16-39)

Under Guideline F, the SOR alleges six delinquent debts. The allegations are as follows:

SOR ¶ 1.a is a charged off credit card account for \$17,649. About two weeks after the hearing, Applicant made a settlement agreement with the creditor for \$7,059. He did not show documentation of payments pursuant to that agreement. (Tr 16-39; GE 2-5; AE F, I)

SOR ¶ 1.b is a charged off credit card account for \$7,166. About two weeks after the hearing, Applicant made a settlement agreement with the creditor for \$2,866. He did not show documentation of payments pursuant to that agreement. (Tr 16-39; GE 2-5; AE F, I)

SOR ¶ 1.c is a utility account placed for collection for \$161. About three weeks after the hearing, Applicant paid this debt. (Tr 16-39; GE 2-5; AE A, B, C)

SOR ¶ 1.d is an apartment rental debt placed for collection for \$122. About two weeks after the hearing, Applicant paid this debt. (Tr 16-39; GE 2-5; AE D)

SOR ¶ 1.e is a charged off credit card account for \$3,413. Applicant has not contacted the creditor; this debt remains unresolved. (Tr 16-39; GE 2, 5)

SOR ¶ 1.f is a charged off auto loan for \$3,034. It was his wife's car, and he has no idea if the vehicle was repossessed or not. About two weeks after the hearing, Applicant made a settlement agreement with the creditor for \$1,213. He did not show documentation of payments pursuant to that agreement. (Tr 16-39; GE 2-5; AE F, I)

After the hearing, Applicant made a settlement agreement for \$3,086 with the creditor in ¶¶ 1.a, 1.b, and 1.f, for an unalleged delinquent account. He claimed he made the first set of payments on the settlement agreement, but did not provide documentation. (AE F, I)

Under Guideline E, the SOR alleges:

SOR ¶ 2.a Applicant falsified his September 2021 SCA by failing to report his financial delinquencies, as alleged under Guideline F. He stated he rushed to fill out his SCA and made a mistake by not including his delinquent debt on it. The reason he did this was because he has depression and anxiety, and he had to relive the trauma from his marriage to get the information needed for the SCA. He stated he did not want to think about it and rushed to get through the SCA. He is now taking medication for these conditions. (Tr 16-39)

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 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 *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.

This concern is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual’s self-control, judgment, and other qualities essential to protecting classified information. An individual 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).

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

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

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;
- (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.

None of the mitigating conditions apply. Applicant failed to provide documentation supporting his claim that his ex-wife fraudulently created these debts using his personal information. He did not provide documentation showing that he challenged the legitimacy of the debts with the creditors or the credit reporting agencies. He was specifically asked to provide this information at the end of the hearing. Without evidence of fraud, the record shows that he has longstanding delinquent debt that he did nothing about until after his security clearance hearing.

The Appeal Board has held that an Applicant who waits until his clearance is in jeopardy before resolving debts might be lacking in the judgment expected of those with access to classified information, and that waiting to pay legitimate debts until forced to do so by the security clearance process does not constitute good-faith debt resolution. See ISCR Case No. 15-03208 at 5 (App. Bd. Mar. 7, 2017); ISCR Case No. 10-05909 at 3 (App. Bd. Sep. 27, 2012).

Guideline E, Personal Conduct

AG ¶ 15 details the personal conduct security concern:

Conduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information. Of special interest is any failure to cooperate or provide truthful and candid answers during national security investigative or adjudicative processes

I have considered the disqualifying conditions under AG ¶ 16 and the following is applicable:

(a) deliberate omission, concealment, or falsification of relevant facts from any personnel security questionnaire, personal history statement, or similar form used to conduct investigations, determine employment qualifications, award benefits or status, determine national security eligibility or trustworthiness, or award fiduciary responsibilities.

I have considered the mitigating conditions under AG ¶ 17. The following is potentially applicable:

(d) the individual has acknowledged the behavior and obtained counseling to change the behavior or taken other positive steps to alleviate the stressors, circumstances, or factors that contributed to untrustworthy, unreliable, or other inappropriate behavior, and such behavior is unlikely to recur.

AG ¶ 17(d) applies. Applicant credibly testified that depression and anxiety about his marriage and having to relive bad memories in obtaining the SCA information, caused him to rush through completing the SCA and not report financial information. He filled out the SCA in 2021, shortly before he was divorced, and his emotional testimony at the hearing, four years later, supports his assertions. He is now taking medication for depression and anxiety, and such behavior is unlikely to recur. The personal conduct security concerns are mitigated.

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 considered Applicant's military service and service to the government in his position working for a defense contractor. I have incorporated my comments under Guidelines F and E in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility for a security clearance. I conclude that Applicant has mitigated the personal conduct security concerns, but did not mitigate the financial considerations security concerns. This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for eligibility for access to classified information in the future.

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: Subparagraphs 1.a-1.f:	AGAINST APPLICANT Against Applicant
Paragraph 2, Guideline E: Subparagraph 2.a:	FOR APPLICANT For Applicant

Conclusion

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

Ross D. Hyams
Administrative Judge