



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



In the matter of:)
)
) ISCR Case No. 24-01521
)
 Applicant for Security Clearance)

Appearances

For Government: Carroll J.P. Connelley, Esq., Department Counsel
For Applicant: *Pro se*

12/29/2025

Decision

BENSON, Pamela C., Administrative Judge:

Applicant has not been able to responsibly address the delinquent debt he accumulated and has failed to establish a meaningful track record of repayments. 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 February 27, 2024. On September 27, 2024, the Department of Defense (DOD) issued him a Statement of Reasons (SOR) alleging security concerns under Guidelines F (financial considerations) and E (personal conduct). 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 implemented by the DOD on June 8, 2017.

Applicant answered the SOR on November 21, 2024, and he requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge. I was assigned this case on April 30, 2025. DOHA issued a notice on July 9, 2025, scheduling the hearing for August 13, 2025. The hearing proceeded as scheduled via online video teleconferencing.

Department Counsel submitted Government Exhibits (GE) 1 through 5; Applicant testified and offered three documents, which I labeled as Applicant Exhibits (AE) A, B, and C; and all of the exhibits were admitted into evidence without objection. I held the record open until September 13, 2025, in the event Applicant wanted to supplement the record. He timely submitted two documents labeled AE D and AE E, which were admitted into evidence without objection. DOHA received the hearing transcript (Tr.) on August 20, 2025. 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.

Evidentiary Issue

During the hearing, Department Counsel made a motion to withdraw Guideline E (paragraph 2) of the SOR due to insufficient evidence. Applicant did not object, and I granted the motion.

Findings of Fact

Applicant is 33 years old. He was married in November of 2023, and he has two sons, ages 5 and 12. He was sponsored by a DOD contractor in February 2024, and in June 2024, he received an interim security clearance. He worked full time as a machinist until October 2024, when his security clearance was revoked. At the time, Applicant's take-home pay was approximately \$1,200 every two weeks. Currently, he is working part time for another employer while he awaits his final security clearance determination. He works between 20 to 30 hours a week and earns between \$480 to \$550 bi-weekly. His wife just started working as a real estate agent, but she has not yet established a regular income. (Tr. 21-23, 39, 47)

According to his February 2024 SCA, Applicant had two periods of unemployment. From about January 2017 until July 2017, he was working in a warehouse and was "let go after 90 days" by his employer. In March 2020, he was fired by a hospital employer in his position as a cook on account of reporting late to work on several occasions. He remained unemployed until September 2021. (GE 1; Tr. 24, 45)

Financial Considerations

Applicant admits all 13 delinquent debts totaling \$16,589, as alleged in the SOR. The debts are also established by credit reports dated January 2024 and August 2025. (GE 4, 5) He also explained in his Answer that his financial problems developed because he is not a "financially literate person." He acknowledged making "dumb mistakes with

credit cards" and failing to communicate with the credit companies. He was aware he had delinquent accounts in collection, but until he received the SOR, he had no idea how much delinquent debt he had accumulated. He promised that if his security clearance is reinstated, it is his intention to continue working to get himself out of debt. (Answer.)

SOR ¶ 1.a states Applicant is indebted for a credit card account placed for collection by the creditor in the approximate amount of \$3,109. He opened this card in about 2014, and he used it to pay for living expenses. He last made a payment on this debt in 2019, and he testified during the hearing that he has made no attempt to communicate with this creditor to arrange a payment plan. He also acknowledged that he was aware when he completed interrogatories in June 2024 that his delinquent debts were a concern to the government. This debt is unresolved. (Tr. 23, 25-26; GE 4)

SOR ¶ 1.b states Applicant is indebted for a credit card account placed for collection by the creditor in the approximate amount of \$2,554. He opened this card in about 2014, and he used it to pay for living expenses. He last made a payment on this debt in 2022, and he testified during the hearing that he has made no attempt to communicate with this creditor to establish a payment plan. This debt is unresolved. (Tr. 26)

SOR ¶ 1.c states Applicant is indebted for a credit card account placed for collection by the creditor in the approximate amount of \$2,338. He used the card to pay for living expenses. He has made no attempt to communicate with this creditor to arrange a payment plan. This debt is unresolved. (Tr. 30)

SOR ¶ 1.d states Applicant is indebted for a credit card account placed for collection by the creditor in the approximate amount of \$2,031. He used the card to pay for living expenses. He has made no attempt to communicate with this creditor to establish a payment plan. This debt is unresolved. (Tr. 30-31; GE 5)

SOR ¶ 1.e states Applicant is indebted to a bank creditor for an account that has been charged off to profit and loss in the approximate amount of \$1,373. He used the credit card to pay for living expenses. He has made no attempt to communicate with this creditor to arrange a payment plan. This debt is unresolved. (Tr. 31)

SOR ¶ 1.f states Applicant is indebted to an auto finance creditor for an account that has been charged off to profit and loss in the approximate amount of \$1,370. Applicant testified that this account was for a Jeep that he still has in his possession. He settled this account for less than the full value in March 2025, after he received his tax refund in the amount of approximately \$9,000. Supporting documentation was provided, and this debt is resolved. (AE B, E; Tr. 27-30, 32, 38; GE 5)

SOR ¶ 1.g states Applicant is indebted to a bank creditor for an account that has been charged off to profit and loss in the approximate amount of \$805. He used the credit card to pay for living expenses. He testified during the hearing that he has made no attempt to communicate with this creditor to establish a payment plan. This debt is

unresolved. (Tr. 32)

SOR ¶ 1.h states Applicant is indebted to a bank creditor for an account that has been charged off to profit and loss in the approximate amount of \$755. He used the credit card to pay for living expenses. He has made no attempt to communicate with this creditor to arrange a payment plan. This debt is unresolved. (Tr. 32)

SOR ¶ 1.i states Applicant is indebted to a bank creditor for an account that has been referred for collection in the approximate amount of \$688. He used the credit card to pay for living expenses. He testified during the hearing that his documentation showed that he just established a payment plan with the creditor the same month as the hearing. Upon further review of the August 2025 credit report in the record, the account balance was outstanding in the amount of \$667. Since he had just initiated the payment plan, he was unable to show a track record of regular payments in accordance with the payment plan. This debt is not yet resolved. (AE C; GE 4, 5; Tr. 32-34, 48)

SOR ¶ 1.j states Applicant is indebted to a bank creditor for an account that has been charged off to profit and loss in the approximate amount of \$667. He used the credit card to pay for living expenses. He has made no attempt to communicate with this creditor to establish a payment plan. This debt is unresolved. (Tr. 34)

SOR ¶ 1.k states Applicant is indebted for a credit card account placed for collection by the creditor in the approximate amount of \$592. He used the card to pay for living expenses. He testified during the hearing that he has made no attempt to communicate with this creditor to arrange a payment plan. This debt is unresolved. (Tr. 34)

SOR ¶ 1.l states Applicant is indebted to a bank creditor for an account that has been charged off to profit and loss in the approximate amount of \$157. He used the credit card to pay for living expenses. He has made no attempt to communicate with this creditor to establish a payment plan. This debt is unresolved. (Tr. 34)

SOR ¶ 1.m states Applicant is indebted to a collection agency for a credit card account placed for collection by an insurance company creditor in the approximate amount of \$150. He attempted to contact the collection agency by going on their website last week, but he was unable to establish any contact. He testified that he has not emailed or called the collection agency to arrange a payment plan. While the record was held open, Applicant submitted documentation that he paid this debt in the amount of \$150. This debt is resolved. (Tr. 30-31, 48-49; AE E)

Applicant testified that he has never participated in any type of consumer financial counseling. He also stated that after he settled the delinquent debt in March 2025 for the Jeep with the proceeds of his \$9,000 tax refund, he used the remaining money to catch up on delinquent utility bills and to also pay for some vehicle repairs. Over time, the extra money disappeared after paying for food and regular bills. He did not use the remaining proceeds of his tax refund to pay off any other delinquent debts alleged in the SOR. (Tr.

38) He also provided documentation before and after the hearing. His paperwork showing that he settled a \$2,000 personal loan account in the amount of \$94 was included, but the delinquent debt itself was not alleged in the SOR. (AE A; Tr. 35-37) His documentation of a settlement arrangement with a creditor for \$362 in March 2025 had two problems: 1) the account number did not match any of the account numbers alleged in the SOR; and 2) he did not provide a receipt that he actually paid the \$362 in March 2025 as agreed. Since these two debts were not alleged in the SOR, I will not consider this information for disqualification purposes and will only consider it in my mitigation and whole person analysis. (AE D)

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 in 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 only partially established. Applicant has a history of poor fiscal management, and his delinquent debts are numerous and recent. The loss of employment could qualify as a circumstance beyond his control; however, the manner in which he lost his position in 2020 (fired due to repeated tardiness) does not support that finding.

Applicant's payment history is not established. During the hearing he showed that he had resolved one out of 13 delinquent debts alleged in the SOR. He used his 2024 tax refund to settle one account for less than the full value. He did not use the remaining proceeds to pay or reduce any other delinquent debts even though he was aware the government was concerned with his poor financial record. After the hearing was completed, he paid another delinquent debt (SOR ¶ 1.m) in the amount of \$150. He did not responsibly address the delinquent debts he accumulated, and he has failed to establish a meaningful track record of repayments to support a finding of his reliability, trustworthiness, and good judgment. No other mitigating conditions apply. Applicant failed to mitigate the financial considerations security concerns.

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.

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

Subparagraphs 1.a-1.e, and 1.g-1.l: Against Applicant

Subparagraph 1.f and 1.m: For Applicant

Paragraph 2, Guideline E: WITHDRAWN

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.

Pamela C. Benson
Administrative Judge