



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



In the matter of:)
)
) ISCR Case No. 25-00249
)
Applicant for Security Clearance)

Appearances

For Government: William H. Miller, Esq., Department Counsel
For Applicant: *Pro Se*

01/15/2026

Decision

HOGAN, Erin 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 May 2, 2023. On February 26, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DCSA acted under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; 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) implemented by the DOD on June 8, 2017.

Applicant timely answered the SOR on May 23, 2025, and requested a decision based on the written record in lieu of a hearing. On July 23, 2025, the Government sent Applicant a complete copy of its written case, a file of relevant material (FORM), including pleadings and evidentiary documents identified as Items 1 through 9. He was given an

opportunity to submit a documentary response setting forth objections, rebuttal, extenuation, mitigation, or explanation to the Government's evidence. He received the FORM on August 1, 2025. He was given 30 days to submit a Response to the FORM. He did not submit a response. The case was forwarded to the DOHA Hearing Office on September 16, 2025, and assigned to me on December 16, 2025.

Evidentiary Matters

Items 1 and 2 contain the pleadings in the case and are part of the record. Items 3 through 9 are admitted into evidence.

Findings of Fact

Applicant, age 43, is an employee of a DOD contractor who is seeking a security clearance for the first time. He has been employed with the DOD contractor since September 11, 2023. He has no military service. He is divorced and has children. The number of children is unclear, because he did not list his them on his security clearance application but indicated that he pays alimony and child support. (Item 3)

The SOR alleged that Applicant had 11 delinquent debts, an approximate total of \$25,035, including: a delinquent charged-off car loan is the approximate amount of \$8,295 (SOR ¶ 1.a: Item 5 at 3-4, Item 6 at 2; Item 7 at 2; Item 8 at 2); a \$7,626 delinquent account that was charged off (SOR ¶ 1.b: Item 8 at 2, Item 9 at 2); a delinquent cell phone account in the approximate amount of \$1,301 that was placed for collection (SOR ¶ 1.c: Item 8 at 2; Item 9 at 2), a \$1,054 delinquent account that was placed for collection (SOR ¶ 1.d: Item 5 at 4-5; Item 6 at 4; Item 7 at 3; Item 8 at 3); a \$768 delinquent account that was placed for collection (SOR ¶ 1.e: Item 8 at 3; Item 9 at 4); a \$639 delinquent account that was placed for collection (SOR ¶ 1.f: Item 5 at 6; Item 6 at 7; Item 7 at 4; Item 8 at 3); a \$215 delinquent account that was placed for collection (SOR ¶ 1.g: Item 5 at 8; Item 8 at 3); and a \$109 delinquent account that was placed for collection. (SOR ¶ 1.h: Item 5 at 8; Item 6 at 7, Item 7 at 5; Item 8 at 3)

Additional accounts include: a \$2,693 delinquent account that was charged off (SOR ¶ 1.i: Item 5 at 3; Item 6 at 3; Item 7 at 2); a \$1,779 delinquent account that was charged off (SOR ¶ 1.j: Item 5 at 5; Item 7 at 3); and a \$556 delinquent account that was charged off. (SOR ¶ 1.k: Item 5 at 7; Item 6 at 5, Item 7 at 4)

In his response to the SOR, Applicant admitted all the debts alleged in the SOR. He said that since reviewing his May 2024 credit report, he has taken care of some of the debts. He made notes on the SOR indicating which debts were "NO LONGER INDEBTED" and other accounts with a status of "CURRENTLY WORKING ON THIS ACCOUNT." He claims he is no longer indebted to the debts alleged in SOR ¶¶ 1.a, 1.d, 1.f, 1.i, 1.j and 1.k. He did not explain why he is no longer indebted for these debts. He did not provide documentary proof that the debts were resolved such as receipts from the

creditor, copies of checks and or bank records. It is not clear if the accounts were resolved or were taken off his credit report as required by law after seven years. (Item 2)

Applicant indicated he is working on the debts alleged in SOR ¶¶ 1.b, 1.c, 1.e, 1.g, and 1.h. He understands the importance of resolving his delinquent debts so he can be eligible for a security clearance. He intends to work hard to resolve these remaining delinquent debts as soon as possible. He has started to repair his credit after a separation and divorce. His alimony and child support payments were recently reduced which he believes will help him resolve the remaining debts. (Item 2)

In response to DOHA interrogatories dated August 10, 2024, Applicant explained that he incurred the delinquent accounts because he was ordered by the court to pay \$3,000 a month in alimony and child support. He has paid alimony and child support over the past seven years. He recently petitioned the court to have his alimony and child support payments reduced. He anticipated that his delinquent debts should be resolved or in payment plans by October 2024 and all his debts would be resolved by the end of 2025. (Item 5 at 12) He provided a Personal Financial Statement which listed his net monthly income as \$4,469. His monthly expenses were approximately \$4,645. The monthly expenses included his \$3,000 monthly alimony and child support payment. It did not include payments towards his delinquent debts. His budget operated at a negative \$176 each month. His expenses were more than his income. (Item 5 at 13)

Applicant did not provide additional evidence of what steps he is taking to resolve his delinquent debts. There is insufficient evidence in the record to conclude that any of the debts alleged in the SOR are resolved.

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.” (*Egan* 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.” (EO 10865 § 2)

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the AG. 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.” (EO 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. (*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. (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. (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; AG ¶ 2(b))

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.

This concern is broader than the possibility that a person might knowingly compromise classified information to raise money. It encompasses concerns about a person's self-control, judgment, and other qualities essential to protecting classified information. A person 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)).

AG ¶ 19 notes several disqualifying conditions that could raise security concerns. The disqualifying conditions that are relevant to Applicant's case include:

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

AG ¶ 19(a) and AG ¶ 19(c) apply to Applicant's delinquent debts alleged in SOR ¶¶ 1.a through 1.h. The total approximate balance of the delinquent debt is \$25,035.

AG ¶ 20 describes conditions that could mitigate security concerns. The following are potentially applicable in this case:

- (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 in 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 counseling service, and there are clear indications that the problem is being resolved or is under control;
- (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(b) partially applies because Applicant's separation and divorce resulted in a \$3,000 monthly payment for alimony and child support. This was a circumstance beyond his control. While Applicant is given credit for timely paying his alimony/child support payments, this mitigating condition is given less weight because Applicant neglected his other debts although he may not have earned sufficient income to do both.

None of the remaining mitigating conditions apply. Applicant provided no documentation about the status of any of the delinquent debts alleged in the SOR. He provided no proof that any payments were made towards any of the debts, such as receipts from the creditor, copies of bank statements or cancelled checks. An expressed intention to resolve one's accounts in the future does not demonstrate a good-faith basis to resolve one's debts. He provided no documentation pertaining to his attempts to resolve the debts. No evidence was provided which would substantiate his assertions that some of the debts were resolved or evidence of his attempts to resolve the remaining unresolved debts. Overall, Applicant failed to meet his burden of proof to mitigate the concerns raised under Financial Considerations.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether the granting or continuing of national security eligibility is clearly consistent with the interests of national security must be an overall commonsense judgment based upon careful consideration of the adjudicative guidelines, each of which is to be evaluated in the context of the whole person. 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 incorporated my comments under Guideline F in my whole-person analysis, and I have considered the factors in AG ¶ 2(d). Applicant failed to provide evidence of his efforts to resolve or dispute his delinquent debts. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of

the whole person, I conclude that Applicant has not mitigated the security concerns raised under financial considerations.

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 his current circumstances, a clearance is not warranted. In the future, he may well demonstrate persuasive evidence of his security worthiness.

Formal Findings

Formal findings 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.k: Against Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Clearance is denied.

Erin C. Hogan
Administrative Judge