



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 25-00601

**Appearances**

For Government: Jenny G. Bayer, Esq., Department Counsel  
For Applicant: *Pro se*

01/30/2026

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**Decision**

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Hale, Charles C., Administrative Judge:

Applicant presented insufficient evidence of what progress, if any, that 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**

On May 20, 2025, the Department of Defense (DoD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F, financial considerations, explaining why it was unable to find it clearly consistent with the national interest to grant security clearance eligibility. The DoD took the action 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 National Adjudicative Guidelines (AG) effective for any adjudication made on or after June 8, 2017.

On March 18, 2025, Applicant answered the SOR and admitted all allegations. He requested a decision based on the administrative (written) record in lieu of a hearing. On

July 31, 2025, he reaffirmed his election for a decision based on the administrative record in lieu of a hearing. On August 14, 2025, Department Counsel prepared a File of Relevant Material (FORM), setting forth the Government's arguments against Applicant's security clearance worthiness. The FORM contains thirteen attachments, identified as Government Exhibits (GE) 1 through GE 13. Applicant's enclosures (AE) included with his Answer will be referenced as AE 1 and AE 2.

Applicant received a copy of the FORM on September 12, 2025. He was given 30 days to file a response to file objections and submit material to refute, extenuate, or mitigate the security concerns. He did not file a response. The case was assigned to me on December 19, 2025. GE 1 (SOR) and GE 2 (Answer) are pleadings in the case. GE 3 through GE 13 and AE 1 and AE 2 are admitted without objection.

### **Findings of Fact**

Applicant is a 32-year-old linguist. He received a favorable eligibility determination for a security clearance on August 5, 2021. He has never married and has no children. (GE 3; GE 5.)

Applicant's delinquent debt totals \$113,694. In his Answer he admits all allegations and they are supported by credit reports offered by the Government. (GE 7-10.) He provided evidence with his Answer of recent efforts to resolve the delinquencies through a debt relief consolidation company (DRC-2) and other court-ordered measures. (AE 2.)

Applicant's financial delinquencies began between 2018 and 2019 when he took out numerous credit cards. In February 2024, he told a DoD investigator during his security clearance interview that his credit score was 810 and he thought he could manage the payments on the credit cards. When the payments became overwhelming, he utilized a debt consolidation company, DRC-1, in January 2020 for 6 months. However, after he lost his job in August 2020 he stopped making payments. He was unemployed until February 2022. He used his credit cards to live off of during the two-year period and had no way of maintaining the minimum payments so as a result, the credit cards went into collections. (GE 5; GE 13.)

With his Answer Applicant included a termination of receivership from a court. The court-appointed Receiver filed an Order To Terminate Receivership with the court in March 2024, to address SOR ¶ 1.b. (AE 1.) The Order To Terminate Receivership was not signed by the judge. Applicant did not include any payment history regarding the proposed payment plan. (AE 1.) He also included his July 2024 agreement with DRC-2. His DRC-2 agreement showed he had enrolled over \$75,000 of debt with DRC-2, under a 57-month payment plan, with bi-weekly payments totaling \$503 each month. He appears to have received some financial counseling when he contracted with DRC-2, Applicant did not include any payment history regarding his DRC-2 payment plan.

In his Answer he affirmed:

I understand that financial irresponsibility can raise questions about a person's reliability. However, I believe that my actions since these debts accrued—especially my proactive steps to resolve them—show that I am capable of sound judgment, responsibility, and trustworthiness. I am not financially reckless; I am someone who encountered difficulties and is fighting to resolve them honorably.

## Policies

The U.S. Supreme Court has recognized the substantial discretion the Executive Branch has in regulating access to information pertaining to national security, emphasizing that "no one has a 'right' to a security clearance." *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). 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 required to be considered 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, these guidelines are applied in conjunction with the factors listed in the adjudicative process. The administrative judge's overall adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(a), 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 ¶ 1(d) requires that "[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security." In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. 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 applicant or proven by Department Counsel." The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

Under the whole-person concept, the administrative judge must consider the totality of an applicant's conduct and all relevant circumstances in light of the nine adjudicative process factors in AG ¶ 2(d). They are as follows:

- (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.

## **Analysis**

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

The security concern under this Guideline states, “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.” (AG ¶ 18)

Applicant’s history of financial problems triggers the application of AG ¶ 19(a), “inability to satisfy debts,” and AG ¶ 19(c), “a history of not meeting financial obligations.”

The following mitigating conditions under AG ¶ 20 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 debt.

Applicant failed to mitigate the financial considerations security concerns, none of the mitigating conditions apply. He attributed his financial problems to a nearly two-year period of unemployment between 2020 and 2022. He has been employed since 2022. Applicant’s financial issues are recent and ongoing and did not occur under such

circumstances that are unlikely to recur, and which continue to cast doubt on his current reliability, trustworthiness, and good judgment. AG ¶ 20(a) does not apply.

The evidence indicates Applicant may have been unemployed for nearly two years. Although these circumstances may have been beyond his control, he still has the burden of establishing that he acted responsibly under the circumstances. Under these circumstances, only the first prong of AG ¶ 20(b) applies. AG ¶ 20(d) is only partially established. After meeting with the DoD investigator, he enrolled over \$75,000 in debt with DRC-2 but there is no evidence he is adhering to a good-faith effort to repay overdue creditors or is adhering to his agreement with DRC-2 to make his bi-weekly payments to resolve his debts. The court documents he offered for SOR ¶ 1.b were filed after meeting with the DoD investigator and there is no evidence he is adhering to a good-faith effort to pay in accordance with the agreement.

In a Guideline F case, the Appeal Board has held that until an applicant has a “meaningful financial track record it cannot be said as a matter of law that [s]he has initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.” ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007). The concept of “meaningful track record” necessarily includes evidence of actual debt reduction through payment of debts.” *Id.* Payment agreements, such as his agreement with DRC-2, are similar to promises to pay in the future, which are “not a substitute for a track record of paying debts in a timely manner and otherwise acting in a financially responsible manner.” See ISCR Case No. 19-01599 at 3 (App. Bd. Jan. 15, 2020). Applicant did not provide sufficient evidence that he acted responsibly under the circumstances to resolve his debts. He did not establish a track record of making payments into his DRC-2 payment plan. AG ¶ 20(b) does not fully apply. Applicant has not established that he has acted responsibly under the circumstances.

AG ¶ 20(c) is not applicable. While Applicant appears to have received some financial counseling when he contracted with DRC-2, there is insufficient information in the record of what the counseling entailed and whether the problem is being resolved or is under control.

### **Whole-Person Concept**

I considered the whole-person concept factors in my analysis of the disqualifying and mitigating conditions, discussed above, and they do not warrant a favorable conclusion. While Applicant’s financial delinquencies can be attributable to circumstances beyond his control, he did not document that his debts are under control or being resolved. Because Applicant requested a determination on the record without a hearing, I had no opportunity to evaluate his credibility and sincerity based on demeanor. See ISCR Case No. 01-12350 at 3-4 (App. Bd. Jul. 23, 2003). Overall, the record evidence leaves me with questions and doubts as to Applicant’s eligibility and suitability for a security clearance.

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**

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.n:

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