



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 24-01963

**Appearances**

For Government: Sakeena Farhath, Esq., Department Counsel

For Applicant: *Pro Se*

02/02/2026

**Decision**

HOGAN, Erin C., Administrative Judge:

The security concerns raised under Guideline F, Financial Considerations, are not mitigated. Eligibility for access to classified information is denied.

**Statement of the Case**

On January 8, 2025, the Department of Defense Counterintelligence and Security Agency (DCSA) issued a statement of reasons (SOR) to Applicant under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960); DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive) (January 2, 1992), as amended; and Security Executive Agent Directive 4, establishing in Appendix A the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AGs), effective June 8, 2017.

The SOR detailed reasons why DCSA did not find under the Directive that it is clearly consistent with the interests of national security to grant or continue a security

clearance for Applicant and recommended referral to an administrative judge to determine whether a clearance should be granted, continued, denied, or revoked. Specifically, the SOR set forth security concerns arising under Guideline F, Financial Considerations. On January 22, 2025, Applicant responded to the SOR and requested a hearing before an administrative judge. On April 24, 2025, Department Counsel was ready to proceed. The case was assigned to me on August 5, 2025. The case was originally scheduled for hearing on October 21, 2025. The hearing was continued when all administrative judges were furloughed from October 1, 2025, through November 12, 2025, during a federal government shutdown due to a lapse in funding. The case was rescheduled for hearing on December 10, 2025. The hearing was held via video-teleconference.

During the hearing, Department Counsel offered five exhibits, which were marked as Government Exhibits (GE) 1-5 and admitted without objection. Applicant testified. The record was held open until January 6, 2026, to allow Applicant to submit additional documents. No additional documents were received. On December 29, 2025, DOHA received a transcript (Tr.) of the hearing. The record closed on January 6, 2026.

Some details were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits and transcript.

### **Findings of Fact**

In Applicant's SOR response, he admitted the allegations in SOR ¶¶ 1.a, 1.c, and 1.d and denied the allegation in SOR ¶ 1.b. His admissions are accepted as findings of fact. Additional findings follow.

Applicant is a 27-year-old employee of a defense contractor seeking to maintain a security clearance. He began working for his current sponsor in March 2024. His sponsor relieved him of duty on January 17, 2025, but still sponsors him and will rehire him if he receives a security clearance. This is his first time applying for a security clearance. He has a high school diploma and some college credit. He is recently married and has no children. (Tr. 16-18; GE 1)

### **Financial Considerations**

On April 1, 2024, Applicant completed an Electronic Questionnaire for Investigations Processing (e-QIP). He did not list any delinquent debts on his e-QIP. The subsequent background investigation revealed Applicant had four delinquent debts. The SOR alleges the following: Applicant owes approximately \$30,164 for a delinquent student loan that was placed for collection. (SOR ¶ 1.a: GE 2 at 4; GE 3 at 4; GE 4 at 3; GE 5 at 1); he owes approximately \$9,677 for a delinquent student loan that was placed

for collection (SOR ¶ 1.b: GE 2 at 5; GE 3 at 1; GE 4 at 3-4; GE 5 at 1); he owes approximately \$637 for a delinquent credit card account that was reported as a loss (SOR ¶ 1.c: GE 2 at 5; GE 3 at 4; GE 4 at 4; GE 5 at 4); and he owes approximately \$529 for a delinquent credit card account that was reported as a loss. (SOR ¶ 1.d: GE 2 at 5; GE 3 at 4; GE 4 at 5; GE 5 at 4).

In his response to the SOR, Applicant admitted the \$30,164 student loan debt alleged in SOR ¶ 1.a. He indicated that he had been in contact with student loan collection agency and either entered into or was in the process of entering into a payment plan. He noted that "I can and will provide proof of the payment plan agreement as well as documentation that shows that I have been making recurring payments to resolve this debt." He denied the \$9,677 student loan debt that was alleged in SOR ¶ 1.b. He did not recognize the debt. He claims the student loan collection agency did not indicate he owed this loan when he contacted them. If at some point this debt is shown to be his, he will enter into a repayment agreement to resolve this account. Regarding the delinquent credit card debts alleged in SOR ¶ 1.c (\$637) and SOR ¶ 1.d (\$529), he indicated that he entered into repayment plans for each debt. He mentioned that he would provide records to show that the debts are being resolved through the payment plan or proof that each debt was paid in full. (Response to SOR)

In response to DOHA interrogatories, dated September 18, 2024, Applicant indicated that the student loan debts alleged in SOR ¶¶ 1.a and 1.b were not paid. He indicated that the credit card debts alleged in SOR ¶¶ 1.c and 1.d were paid. He did not provide documentation verifying the credit card debts were paid. Regarding the student loans, he indicated that the student loans were signed under his name and his father's name. His father later claimed he had not signed the loan paperwork and alleged fraud. Applicant said he was informed that he could not attempt to make payments until his father's allegations of fraud were resolved. He was willing to make payments but was unable to do so because of the issue with his father. He was also providing support to his brother and his girlfriend to help cover rent, groceries and gas. He no longer provides support to them and his monthly expenses have decreased. He explained that the credit card accounts were brought up to date. He got behind on payments because he moved into a new apartment and also traveled for work. (GE 2)

During the hearing, Applicant testified that the two delinquent student loan accounts alleged in SOR ¶¶ 1.a and 1.b were resolved. He said that he settled both accounts in February 2025 by paying the student loan provider a lump sum payment of \$19,000 to resolve both balances, and he would provide a receipt showing that the student loan accounts were resolved. The record was left open to allow him to submit documentation verifying that both student loan accounts were resolved. He did not submit documentation. (Tr. 15, 18)

Applicant attended college beginning in the Fall of 2018. In 2020, the Covid-19 pandemic closed the school. In 2021, he suffered two head injuries which resulted in concussion protocols. The first accident occurred in July 2021. He was driving 60 mph on the highway. A car pulled in front of him which resulted in a collision. His car was a total loss. He suffered a concussion. About a month later, he and his fraternity brothers were helping an alumnus move a tree off his property. Applicant was hit in the head by a tree trunk which caused more damage. His concussion protocol was extended another year between September 2021 and September 2022. He dealt with symptoms from his concussions for a year and a half. In the summer of 2021, he decided not to return to college because of his medical condition. He hopes to complete school at some point in the future. (Tr. 20-23)

Applicant's parents agreed to pay his college expenses when he was in college. The responsibility for his college loans would transfer to him once he was out of college. His parents began to have marital problems when he was in college. After he left college, his father did not provide him with any of the student loan financial paperwork. Applicant contacted the student loan servicer. The student loan servicer told Applicant that they were investigating his father's allegation that his signature was fraudulent on the student loan paperwork and that they could not enter into a payment agreement until his father's fraud allegation was resolved. After he received the SOR, Applicant testified that he contacted the student loan servicer and agreed to pay a lump sum payment of \$19,000 to settle both student loan accounts. He made the payment in February 2025. The record was held open to allow Applicant to provide documentation verifying the settlement agreement and payment. He did not submit additional documents. (Tr. 18-19, 22-24)

During the hearing, Applicant testified that the two delinquent credit card balances in the amounts of \$637 (SOR ¶ 1.c) and \$529 (SOR ¶ 1.d) were to be paid in full by the end of the year. (Tr. 29 – 31) The record was held open to allow Applicant to provide proof that these accounts were resolved. Applicant submitted no documentation after the hearing.

Applicant's most recent credit report, dated December 8, 2025, still listed all four accounts alleged in the SOR as delinquent. All four debts had an entry which said, "Unpaid balance reported as loss." In addition, the December 2025 credit report listed ten new delinquent student loan accounts from another student loan servicer that were past due over 180 days and a \$20,813 car loan which was 90 days past due on three occasions with the same entry, "Unpaid balance reported as a loss." (GE 5) Applicant testified that he got behind on car payments when his security clearance was suspended after the SOR was issued. He was unable to make payments because he was unemployed for about four or five months until he found another job. He claimed the car payment is now current. He made two payments of \$600, and the remaining balance of missed payments was applied to the end of his car loan. Regarding the new student loan

debts listed on his credit report, he mentioned the loans were recently released from deferment and he was going to start making payments in early 2026. He and his wife share expenses and budget their money. (Tr. 36-40)

Applicant's current annual salary is \$60,000. On the day of the hearing, his checking account had a balance of \$636 and his savings account had a balance of \$1,200. He does not own any real estate or investment accounts. His net monthly salary is approximately \$3,400. His rent is \$1,000, and his car payment is \$580. He previously had a long commute that was several hours away from where he lived. As a result, he incurred a lot of expenses related to gas and occasionally he would have to stay in a hotel in the area where he worked. He and his wife were also paying off wedding expenses. He is paid twice a month and as of October 2025, is now able apply one paycheck towards bills and one paycheck towards savings. (Tr. 31-36)

### **Policies**

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, "no 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 applicant's 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, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended.

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, these guidelines are applied 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, 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 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 "in terms of the national interest and shall in no sense be a

determination as to the loyalty of the applicant concerned.” See Exec. Or. 10865 § 7. Thus, nothing in this decision should be construed to suggest that it is based, in whole or in part, on any express or implied determination about applicant’s allegiance, loyalty, or patriotism. It is merely an indication the applicant has not met the strict guidelines the President, Secretary of Defense, and Director of National Intelligence 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. 95-0611 at 2 (App. Bd. May 2, 1996).

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 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). The burden of disproving a mitigating condition never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005). “[S]ecurity clearance determinations should err, if they must, on the side of denials.” *Egan*, 484 U.S. at 531; see AG ¶ 2(b).

## **Analysis**

### **Guideline F, Financial Considerations**

AG ¶ 18 expresses the security concern for financial considerations:

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

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

AG ¶¶ 19(a) and 19(b) apply. Applicant incurred four delinquent accounts, including two student loans with an approximate total balance of \$39,841, and two delinquent credit card accounts with an approximate total balance of \$1,166.

The guideline also includes conditions that could mitigate security concerns arising from financial difficulties. I have considered all the mitigating conditions under AG ¶ 20 and the following apply:

- (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, 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; and
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

AG ¶ 20(a) does not apply because Applicant's financial issues are ongoing and remained unresolved at the close of the record.

AG ¶ 20(b) partially applies because Applicant suffered from two head injuries in 2021 which resulted in treatment for a concussion for over a year and a half. Applicant's father also apparently failed to follow the terms of an agreement regarding paying Applicant's tuition while he was a student. These were circumstances beyond his control. This mitigating condition is given less weight, because I am unable to conclude he acted responsibly under the circumstances. He ignored the two minor credit card debts for a number of years. He also ignored his student loans. While he claimed he settled the

student loans alleged in SOR ¶¶ 1.a and 1.b, he did not provide documentation to verify that the student loans were resolved. He also failed to provide proof that the minor credit card debts alleged in SOR ¶¶ 1.c and 1.d were resolved. He was given time after hearing to submit additional documents but chose not to do so.

AG ¶ 20(d) would apply if Applicant had provided documentation verifying that each debt was settled or paid. The record remained open after the hearing to allow him the opportunity to provide documents to verify that all of the alleged debts were either settled or paid in full. He provided no documentation. A mere statement that a debt was paid or is on a payment plan is insufficient by itself to conclude a debt is resolved or is being resolved. Additional documentation showing that the debt was settled, resolved, or timely payments are being made on a payment plan is required to corroborate any statements. I am unable to conclude Applicant made a good-faith effort to resolve his accounts because he failed to provide documentation to verify his hearing testimony that the debts were resolved.

Applicant failed to meet his burden of proof to mitigate the concerns raised under financial considerations.

### **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 the 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), "[t]he ultimate determination" of whether to grant a security clearance "must be an overall commonsense judgment based upon careful consideration of the guidelines" and the whole-person concept. My comments under Guideline F are incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under those guidelines but some warrant additional comment.



I considered that Applicant recently married. I considered Applicant's accidents in 2021 and his related health issues, which caused him to stop attending college. I considered that Applicant's father reneged on his offer to pay Applicant's student loans while he was in school. I considered that this is Applicant's first time applying for a security clearance. I considered that he worked full time once he was healthy again. Despite these considerations, a concern remains because of Applicant's failure to provide proof that he settled the two student loans alleged in SOR ¶¶ 1.a and 1.b for \$19,000. He also failed to provide evidence to corroborate his testimony that he planned to pay off the two credit card debts alleged in SOR ¶¶ 1.c and 1.d at the end of the year. A promise to pay in the future is not sufficient to mitigate security concerns raised by Applicant's failure to pay his student loans and neglecting his debts.

The security concerns raised under Financial Considerations are not mitigated.

### **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.d:                      Against Applicant

### **Conclusion**

In light of all of the circumstances 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.

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Erin C. Hogan  
Administrative Judge