



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



In the matter of:)
)
) ISCR Case No. 25-00150
)
Applicant for Security Clearance)

Appearances

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

02/09/2026

Decision

BORGSTROM, Eric H., Administrative Judge:

Applicant did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

Statement of the Case

On June 5, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). 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.

In Applicant's July 16, 2025 response to the SOR (Answer), he admitted both debts. He did not attach any documentary evidence. He requested a decision by an administrative judge of the Defense Office of Hearings and Appeals (DOHA) based upon the written record in lieu of a hearing. (Answer)

On August 26, 2025, Department Counsel submitted a file of relevant material (FORM) and provided a complete copy to Applicant. Department Counsel's FORM included Government Exhibits (GE) 1 through 6. In the FORM, Department Counsel provided Applicant notice that failure to respond to the FORM may be considered a waiver of any objections to the admissibility of the evidentiary exhibits.

On September 17, 2025, Applicant received the FORM and its attachments. A cover letter included with the FORM advised Applicant that he had 30 days from the date of receipt to file any objections or to provide any additional information in support of his clearance eligibility. He did not submit a response to the FORM nor object to any of the Government's evidentiary exhibits. The case was assigned to me on January 22, 2026. Government's Exhibits 1 through 6 are admitted into evidence without objection.

Findings of Fact

Applicant is 42 years old. He earned an associate degree in December 2009, an associate degree in December 2010, and a bachelor's degree in March 2018. From November 2001 to November 2007, he served on active duty in the U.S. Navy, from which he was honorably discharged. He was granted a secret clearance while in the Navy. He married in June 2009, and he has a 12-year-old child. From June 2021 to July 2024, he was employed full time as a senior nuclear instructor with a DOD contractor. Since July 2024, Applicant has been employed full time as a test engineer for a different DOD contractor. (GE 2, GE 3)

On June 27, 2024, Applicant certified and submitted an Electronic Questionnaire for Investigations Processing (e-QIP). Under Section 26 – Financial Record, Applicant reported delinquent federal taxes (\$10,500) for tax year 2020 and his intent to resolve this tax debt with the proceeds from the recent sale of his house. He also reported four credit-card accounts (including SOR ¶¶ 1.a. and 1.b.), which became delinquent in about February 2023. He explained that he did not have the funds to resolve these accounts, and he attributed the delinquencies to “a large unforeseen increase” in real property taxes. (GE 2)

On September 30, 2024, Applicant was interviewed by an authorized investigator on behalf of the Office of Personnel Management (OPM). During the interview, he confirmed that his federal tax debt was paid in July 2024 following the sale of his house. He explained that he had incurred the significant credit-card debts (SOR ¶¶ 1.a. and 1.b.) as a result of the \$1,000 increase in his monthly mortgage payment in early 2023 due to a property tax increase. He expressed his willingness to resolve these delinquent accounts but had not made any payments or payment arrangements. He had paid two smaller, unalleged debts in late 2023. (GE 3)

In his April 13, 2025 response to DOHA interrogatories, Applicant admitted the two delinquent debts (SOR ¶¶ 1.a and 1.b.). He explained that he did not have the financial means to pay these delinquent debts. (GE 4)

SOR ¶ 1.a. This account was opened in January 2019, became delinquent in August 2022, and was charged off in March 2023 in the approximate amount of \$27,943. There is no evidence of any payment arrangements or payments on this account since its delinquency. **This debt is not resolved.** (GE 1-6)

SOR ¶ 1.b. This account was opened in November 2002, became delinquent in September 2022, and was charged off in February 2023 in the approximate amount of \$11,832. Applicant claimed to have unsuccessfully attempted to contact this creditor on one occasion, but there is no evidence of further attempts. There is no evidence of any payment arrangements or payments on this account since its delinquency. **This debt is not resolved.** (GE 1-6)

Policies

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(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 ¶ 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 sensitive 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 sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information.

Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive 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. . . .

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

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

Applicant’s two delinquent accounts, totaling approximately \$39,775, became delinquent in August 2022 (SOR ¶ 1.a.) and September 2022 (SOR ¶ 1.b.), and they remain delinquent. AG ¶¶ 19(a) and 19(c) apply.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. 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 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;

(d) the individual has 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.

Applicant bears the burdens of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his debt-resolution efforts or required to be debt-free. “Rather, all that is required is that an applicant act responsibly given his circumstances and develop a reasonable plan for repayment, accompanied by ‘concomitant conduct,’ that is, actions which evidence a serious intent to effectuate the plan.” ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017). *See, e.g.*, ISCR Case No. 13-00987 at 3, n.5 (App. Bd. Aug. 14, 2014).

Applicant attributed his financial delinquencies to an unforeseen increase in his real property taxes in early 2023. The credit reports indicate that the two accounts became delinquent in August 2022 (SOR ¶ 1.a.) and September 2022 (SOR ¶ 1.b.). More importantly, even if circumstances beyond Applicant’s control contributed to his financial delinquencies, he has not established that he acted responsibly to address and resolve these two delinquent accounts. He claimed to have unsuccessfully attempted contact with one creditor; however, he did not specify when this attempt occurred. There is no evidence that Applicant has participated in credit counseling or sought assistance in resolving his delinquent accounts. There is no evidence of any payment arrangements or payments since these accounts became delinquent. None of the financial considerations mitigating conditions apply.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant’s eligibility for access to classified information 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 have incorporated my comments under Guideline F and the factors in AG ¶ 2(d) in this whole-person analysis.

Applicant's two accounts have remained delinquent for over three years. He has not demonstrated that he has acted in a financially responsible manner, and his inaction casts doubt on his reliability and judgment. Eligibility for access to classified information is denied.

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.b.:	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is not clearly consistent with the interests of national security to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Eric H. Borgstrom
Administrative Judge