



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



In the matter of:)
)
) ISCR Case No. 24-01873
)
Applicant for Security Clearance)

Appearances

For Government:
Brian L. Farrell, Esquire, Department Counsel

For Applicant:
Pro se

02/27/2026

Decision

ROSS, Wilford H., Administrative Judge:

Applicant mitigated the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

On April 25, 2025, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. The action was taken 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 adjudicative guidelines (AG) implemented by the DOD on June 8, 2017.

Applicant responded to the SOR in writing (Answer) on May 27, 2025, including attachments, and requested a hearing before an administrative judge. Department Counsel was prepared to proceed on July 16, 2025. The case was assigned to me on September 8, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on September 16, 2025. I convened the hearing as scheduled on November 18, 2025. The Government offered Government Exhibits 1 through 7, which were admitted without objection. Applicant testified on his own behalf and submitted Applicant Exhibits A through C. Applicant's exhibits were admitted without objection. He asked that the record remain open for the receipt of additional documentation. He timely submitted Applicant Exhibits D through F, which were also admitted without objection. Applicant Exhibit D consists of documentation from the collection agency on SOR allegations 1.a and 1.b. Applicant Exhibit E consists of annual performance evaluations of Applicant from 2020 through 2024. Applicant Exhibit F is a letter of recommendation from his supervisor. DOHA received the transcript of the hearing (Tr.) on December 3, 2025. The record closed on December 13, 2025.

Findings of Fact

Applicant is 66 years old, married for the second time, and has two children. One of the children is deceased. He has a high school degree. He served on active duty with the Air Force from 1977 to 1987 and received an Honorable Discharge. He has been employed by a defense contractor since 1987 as a field support engineer. (Government Exhibit 1 at Sections 13A, 15, 17, and 18; Exhibit 2 at 9; Tr. 6-8.)

Paragraph 1 (Guideline F, Financial Considerations)

The Government alleges in this paragraph that Applicant is ineligible for clearance because he is financially overextended and therefore potentially unreliable, untrustworthy, or at risk of having to engage in illegal acts to generate funds. Applicant admitted allegations 1.a and 1.b under this guideline with clarifications.

Based on the available documentary evidence Applicant is alleged to owe approximately \$25,315 in two charged-off debts. The Government provided credit reports of Applicant dated November 22, 2022; November 21, 2023; and April 18, 2025, supporting the existence of the debts. (Government Exhibits 5, 6, and 7.) The existence

of the debts is supported by admissions of Applicant in responses to interrogatories dated January 4, 2023; and March 12, 2025. (Government Exhibits 2 and 4.) The existence of the debts is also supported by his admissions to an authorized investigator from the Office of Personnel Management during an interview on February 8, 2023. (Government Exhibit 3.)

The two debts alleged in the SOR are in connection to credit cards issued by the same bank. They became delinquent sometime in 2023, after Applicant completed a three-year assignment overseas supporting an allied nation air force. One of his children died in the same year.

Applicant stated that he had contacted the bank about these debts, believing them to be fraudulent. The bank was unresponsive and he was unable to receive accurate information. Eventually, he was notified that the bank had sold the debts to a collection agency. Applicant contacted the collection agency and worked out a payment agreement for each account. (Tr. 12, 27-29, 32-34, 45-51.)

The status regarding each of the two debts is as follows:

1.a. Applicant reached an agreement with the collection agency to reduce the debt from \$15,559 to \$11,670. The written agreement was signed by Applicant on May 27, 2025 and is attached to his Answer. The creditor provided to Applicant documentary evidence confirming that he had made seven payments over six months to the creditor. These payments total \$1,562, thereby reducing his balance to \$10,108. (Applicant Exhibits A, B, C, and D.)

1.b. Applicant reached an agreement with the collection agency to reduce the debt from \$9,756 to \$7,320. The written agreement was signed by Applicant on May 27, 2025 and is attached to his Answer. The creditor provided to Applicant documentary evidence confirming that he had made six payments over six months to the creditor. These payments total \$915, thereby reducing his balance to \$7,320. (Applicant Exhibits A, B, C, and D.)

The combined settlement amount for both debts is \$18,990. As of the date of the hearing Applicant had paid \$2,477 in a timely fashion, reducing the combined debt to \$16,513. Applicant has paid off approximately 14% of the debt in that six-month period.

As stated, one of his children is deceased. This child used one of the two credit card accounts at issue. His other child and his grandchild have lived with Applicant and his wife for about ten years. He is completely responsible for their upkeep. (Tr. 20-21, 29-31.)

Applicant admitted that his financial situation is tight, but other than the debts in the SOR his credit reports show no other delinquent debt. He is able to maintain payments on all of his debts, including the two alleged in the SOR. (Tr. 24-26, 41-45, 51-52.)

Mitigation

Applicant is a very successful and respected employee. This is supported by a letter from his supervisor. This is also shown by his annual evaluations, which state he is “consistently exceeding expectations.” (Applicant Exhibits E and F.)

Policies

When evaluating an applicant’s national security eligibility for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines (AG) list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant’s national security eligibility.

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 AG ¶ 2 describing the adjudicative process. The administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. The entire process is a conscientious scrutiny of applicable guidelines in the context 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, “Any 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. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to 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, and has the ultimate burden of persuasion as to obtaining a favorable clearance decision.”

A person who seeks access to classified 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 national security eligibility. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified or sensitive information. Finally, as emphasized in Section 7 of Executive Order 10865, "Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." See *also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

Analysis

Paragraph 1 (Guideline F, Financial Considerations)

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

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.

AG ¶ 19 describes two conditions that could raise security concerns and may be disqualifying in this case:

- (a) inability to satisfy debts; and

- (c) a history of not meeting financial obligations.

Applicant was alleged to have two delinquent debts totaling approximately \$25,315 that he had not paid. AG ¶¶ 19(a) and (c) apply. The burden thereby shifts to Applicant to mitigate the adverse inference of his delinquent debts.

The guideline includes four conditions in AG ¶ 20 that could mitigate the security concerns arising from Applicant's alleged financial difficulties:

(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, or 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.

Applicant had financial issues for several years. This was true particularly with regard to the two debts alleged in the SOR. He was eventually able to find out who was handling this debt and reach a settlement agreement with them, which began in June of last year. As of the date of the hearing in November 2025, he had made consistent monthly payments, reducing the amount owed by 14%. He expresses a credible intent and ability to maintain these payments into the future. His substantial and proven conduct shows that he will continue to resolve his indebtedness in accordance with his payment plan with the creditors. AG ¶¶ 20(a), (b), and (d) apply to those debts.

In support of these findings, I cite the Appeal Board's decision in ISCR Case No. 07-06482 at 3 (App. Bd. May 21, 2008) for the proposition that the adjudicative guidelines do not require that an applicant be debt-free. The Board's guidance for adjudications in cases such as this is the following:

. . . an applicant is not required, as a matter of law, to establish that he has paid off each and every debt listed in the SOR. All that is required is that an applicant demonstrate that he has established a plan to resolve his financial problems and taken significant actions to implement that plan. The Judge can reasonably consider the entirety of an applicant's financial situation and his actions in evaluating the extent to which that applicant's plan for the reduction of his outstanding indebtedness is credible and

realistic. There is no requirement that a plan provide for payments on all outstanding debts simultaneously. Rather, a reasonable plan (and concomitant conduct) may provide for the payments of such debts one at a time. (Internal citations and quotation marks omitted.)

Based on all of the available evidence, Applicant has mitigated the security concerns of this guideline.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility 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 national security 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 pertinent facts and circumstances surrounding this case. Applicant has fully mitigated the security concerns of his financial conduct. As stated elsewhere in this decision, and supported by the evidence, Applicant is a talented and successful person who works hard at his job. He has resolved, or is resolving, his financial situation. Such financial difficulties will not occur in the future. His conduct has earned him the privilege of being granted national security eligibility. Paragraph 1 is found for Applicant.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	FOR APPLICANT
Subparagraphs 1.a and 1.b:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant or continue Applicant's national security eligibility for a security clearance. Eligibility for access to classified information is granted.

WILFORD H. ROSS
Administrative Judge