



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



In the matter of:)
)
) ISCR Case No.25-00555
)
Applicant for Security Clearance)

Appearances

For Government: Andrew H. Henderson, Esq, Department Counsel
For Applicant: *Pro se*

02/12/2026

Decision

WESLEY, ROGER C. Administrative Judge

Based upon a review of the case file, pleadings, exhibits, and testimony, Applicant did not mitigate financial considerations concerns. Eligibility for access to classified information or to hold a sensitive position is denied.

Statement of the Case

On August 3, 2025, the Defense Counterintelligence and Security Agency Adjudication and Vetting Services (DCSA AVS) issued a statement of reasons (SOR) to Applicant detailing reasons why under the financial considerations guideline the DCSA AVS could not make the preliminary affirmative determination of eligibility for granting a security clearance, and recommended referral to an administrative judge to determine whether a security clearance should be granted, continued, denied, or revoked. The action was taken under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960); Department of Defense (DoD) Directive 5220.6 *Defense Industrial Personnel Security Clearance Review Program*, (January 2, 1992) (Directive); 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.

Applicant responded to the SOR (undated) and requested to have his case resolved on the written record without a hearing. Applicant received the File of Relevant Material (FORM) on September 11, 2025, and he elected to respond to the FORM with a post-FORM letter of explanation with payment attachments. This case was assigned to me on, January 8, 2026. The Government's case consisted of six exhibits that were admitted without objection as Government Exhibits (GEs) 1-6). Applicant's post-FORM submission was admitted without objection as Applicant's exhibit A (AE A).

Summary of Pleadings

Under Guideline F, Applicant allegedly accumulated 23 delinquent debts exceeding \$24,000. Allegedly, Applicant's delinquent debts have not been resolved and remain outstanding. Not covered by the SOR but addressed in an admitted judgement debt admitted without objection is alleged to be the subject of a settlement agreement between Applicant and the judgment creditor.

In Applicant's response to the SOR, he admitted the allegations pertaining to his delinquent accounts. He added explanations and clarifications. He claimed he settled his reported debts of two of the listed SOR creditors with payment plans and attached payments credits with these creditors.

Findings of Fact

Applicant is a 32-year-old employee of a defense contractor who seeks a security clearance. Allegations covered in the SOR and admitted by Applicant are incorporated and adopted as relevant and material findings. Additional findings follow.

Background

Applicant is unmarried and has no children. (GE 2) He earned a high school diploma in October 2023. (GE 2) Applicant reported no military service

Since January 2024, Applicant has been employed by his current employer as a coating's applicator. (GE 2) Previously, he worked for other employers in various jobs. He has never held a security clearance and is presently sponsored by his current employer. (GEs 2-3)

Applicant's Finances

Between 2017 and 2023, Applicant accumulated 23 delinquent accounts exceeding \$24,000. (GEs 5-7). Each of these stated delinquent accounts are covered in the SOR. (GEs 1-7) To date, Applicant has made some progress with his reported SOR-listed debts: settling two of the delinquent accounts with reported settlement credits

exceeding \$2,700. (GE 1 and AE A) After crediting Applicant with these payments, he is still left with over \$21,000 in unresolved delinquent debts with his listed SOR creditors.

Not covered by the SOR but pertinent to Applicant's carried debt load is a documented adverse judgment against him in the amount of \$13,364. (GE 8) Following the entry of a default judgment against him in July 2025, Applicant entered into a settlement agreement with the creditor that called for Applicant's making 48 monthly payments of \$285 to resolve the debt. Credited debt payments to date approximate \$2,700. With these payments accounted for by the judgment creditor, Applicant is still left with a balance of \$9,164. (AE A) What additional payments he has made to this creditor are not accounted for in Applicant's postform submission. (AE A)

In a personal financial statement (PSI) provided by Applicant in May 2025, he reported, net monthly income of \$5,800, monthly expenses of \$2,840, and a net monthly remainder of \$3,960. (GE 3) He did not list any personal debt obligations. For assets, he reported bank savings of \$1,500.

Policies

By virtue of the jurisprudential principles recognized by the U.S. Supreme Court in *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988), "no one has a 'right' to a security clearance." 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.

Eligibility for access to classified information may only be granted "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 AGs list guidelines to be considered by judges in the decision-making process covering DOHA cases. These guidelines take into account factors that could create a potential conflict of interest for the individual applicant, as well as considerations that could affect the individual's reliability, trustworthiness, and ability to protect classified information. These AGs include conditions that could raise a security concern and may be disqualifying (disqualifying conditions), if any, and all of the conditions that could mitigate security concerns, if any. These guidelines must be considered before deciding whether or not a security clearance should be granted, continued, or denied. Although, the guidelines do not require judges to place exclusive reliance on the enumerated disqualifying and mitigating conditions in the guidelines in arriving at a decision.

In addition to the relevant AGs, judges must take into account the pertinent considerations for assessing extenuation and mitigation set forth in ¶ 2(a) of the AGs, which are intended to assist the judges in reaching a fair and impartial, commonsense decision based on a careful consideration of the pertinent guidelines within the context of the whole person. The adjudicative process is designed to examine a sufficient period of an applicant's life to enable predictive judgments to be made about whether the applicant is an acceptable security risk.

When evaluating an applicant's conduct, the relevant guidelines are to be considered together with the following ¶ 2(d) factors: (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 of the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Viewing the issues raised and evidence as a whole, the following individual guidelines are pertinent herein:

Financial Considerations

The Concern: Failure or inability 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 or 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 acts or otherwise questionable acts to generate funds. . . .
. AG ¶ 18.

Burdens of Proof

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, Feb. 20, 1960, § 7. See also Exec. Or. 12968 (Aug. 2, 1995), § 3.1.

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 [or her] 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

Security concerns are raised over Applicant’s accumulation of delinquent SOR-listed debts exceeding \$24,000, along with an added default judgment debt of \$13,364. that raise trust, reliability, and judgment concerns about his current and future ability to manage her finances safely and responsibly. These concerns are addressed below. A

Applicant’s accumulated delinquent debts warrant the application of two of the disqualifying conditions (DC) of the financial consideration guidelines. DC ¶¶ 19(a), “inability to satisfy debts,” and 19(c), “a history of not meeting financial obligation,” apply to Applicant’s situation.

Applicant’s admitted debt delinquencies require no independent proof to substantiate them. See Directive 5220.6 at E3.1.1.14; *McCormick on Evidence* § 262 (6th ed. 2006). His admitted debt delinquencies are fully documented and raise judgment issues over the management of his finances. See ISCR Case No. 03-01059 (App. Bd. Sept. 24, 2004).

Credit bureau reports are ordinary business records admissible as an exception to the Federal Rules of Evidence (F.R. of Ev.) as a hearsay exception that doesn’t require an authenticating witness. See ISCR Case No. 18-00052 at 3 (App. Bd. Jan. 18, 2019); ISCR Case No. 07-08955 at 1-2 (App. Bd. Sep. 15, 2008)

Financial stability in a person cleared to protect classified information is required precisely to inspire trust and confidence in the holder of a security clearance that entitles the person to access classified information. While the principal concern of a security clearance holder's demonstrated difficulties is vulnerability to coercion and influence, judgment and trust concerns are implicit in cases involving delinquent debts.

Historically, the timing of addressing and resolving an applicant's debt delinquencies are critical to an assessment of the applicant's trustworthiness, reliability, and good judgment in following rules and guidelines necessary for those seeking access to classified information or to holding a sensitive position. See ISCR Case No. 14-06808 at 3 (App. Bd. Nov. 23, 2016); ISCR Case No. 14-01894 at 5 (App. Bd. Aug. 18, 2015); ISCR Case No. 14-00221 at 2-5 (App. Bd. June 29, 2016).

Applicant is entitled to partial application of mitigating condition (MC) ¶ 20(d), "the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts." Without documented evidence of Applicant's making more concerted efforts to resolve his debt delinquencies, other potentially mitigating conditions are not available.

Whole-person assessment

Whole-person assessment of Applicant's clearance eligibility requires consideration of whether his history of accumulated delinquent consumer debts is fully compatible with minimum standards for holding a security clearance. While Applicant is entitled to credit for his work in the defense industry, his efforts are not enough at this time to overcome his repeated failures or inability to address his delinquent debts. Overall good judgment, reliability and trustworthiness are not established.

Based on a consideration of all of the facts and circumstances considered in this case, it is too soon to make safe predictions that Applicant will be able to undertake documented good-faith efforts to mitigate the Government's financial concerns within the foreseeable future. More time is needed to establish the requisite levels of stability with his finances to establish his overall eligibility for holding a security clearance.

I have carefully applied the law, as set forth in *Department of Navy v. Egan*, 484 U.S. 518 (1988), Exec. Or. 10865, the Directive, and the AGs, to the facts and circumstances in the context of the whole person. I conclude financial considerations security concerns are not mitigated. 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:

GUIDELINE F (FINANCIAL CONSIDERATIONS): 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 national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

Roger Wesley
Administrative Judge