



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



In the matter of: )  
)  
) ISCR Case No. 25-00507  
)  
Applicant for Security Clearance )

**Appearances**

For Government: George Hawkins, Esq., Department Counsel  
For Applicant: *Pro se*

03/17/2026

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**Decision**

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BORGSTROM, Eric H., Administrative Judge:

Applicant did not mitigate the security concerns arising from his delinquent debts. Eligibility for access to classified information is denied.

**Statement of the Case**

On May 20, 2025, the Department of War (DOW) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). The DOW acted 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 DOW on June 8, 2017.

In Applicant's May 28, 2025 response to the SOR (Answer), he admitted all four debts. He did not attach any documentary evidence. He requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge. (Answer)

On June 25, 2025, the Government was ready to proceed to a hearing. This case was delayed when all administrative judges were furloughed from October 1 through November 12, 2025, during a federal government shutdown due to a lapse in federal funding. I was assigned this case on December 17, 2025.

On January 8, 2026, a notice was issued scheduling the hearing for February 10, 2026, by video teleconference. The hearing proceeded as scheduled. The Government proffered five evidentiary exhibits, which I admitted as Government Exhibits (GE) 1 through 5, without objection. Applicant testified but did not submit any documentary evidence. At Applicant's request, I left the record open until March 11, 2026, to provide him an opportunity to respond to the SOR amendment, *infra*, and to supplement the evidentiary record. DOHA received the hearing transcript (Tr.) on February 24, 2026. On March 9, 2026, Applicant submitted one document, which I admitted as Applicant Exhibit (AE) A, without objection. He further confirmed by email that he had no more submissions for the evidentiary record. The record closed on March 9, 2026.

### **Amendment to the SOR**

By email dated February 2, 2026, pursuant to Paragraphs E3.1.13 and E3.1.17 of the Directive, Department Counsel amended the SOR to add SOR ¶ 1.e., which reads:

e. You are indebted to [REDACTED] for an account that has been placed for collection by [REDACTED] in the approximate amount of \$1,105.00. As of the date of this Statement of Reasons, the account remains delinquent.

At the hearing, Applicant admitted the debt. As discussed above, I left the record open to provide an opportunity respond further to the SOR amendment and to supplement the evidentiary record. (Tr. 11-16, 72)

### **Findings of Fact**

Applicant is 29 years old. He graduated from high school in 2014. Since April 2015, he has been employed as a general laborer for a DOD contractor. He has never been married, and he does not have any children. He has held a security clearance since about 2016. (GE 1; Tr. 27-30, 36-37)

On August 10, 2023, Applicant completed and certified an Electronic Questionnaire for Investigations Processing (e-QIP). Under Section 26 – Financial Record, he reported four of the alleged delinquent accounts (SOR ¶¶ 1.a.-1.d.). (GE 1)

On September 29, 2023, Applicant was interviewed by an authorized investigator on behalf of the Office of Personnel Management (OPM). He confirmed the four delinquent accounts reported in his e-QIP. He explained that he had relied upon credit cards to pay bills and living expenses and that he at times had not been responsible when using these credit cards. He also attributed his financial problems to inconsistent work hours with his current employer, sometimes working fewer than 40 hours per week. He expressed his intent to contact the creditors, but he had not yet taken any steps to initiate payment arrangements or make payments. (GE 2; Tr. 40)

**SOR ¶ 1.a.** This credit-card account was opened in June 2019, became delinquent in June 2022, and was charged off in the approximate amount of \$13,892. Applicant

testified that he contacted this creditor once following his OPM interview but was unable to find out any account information or make any payment arrangements. He has not made any payments on this account since its delinquency. (Answer; GE 3-5; Tr. 49-53, 63-64)

**SOR ¶ 1.b.** This credit-card account was opened in July 2018, became delinquent in August 2022, and was charged off in the approximate amount of \$5,377. Applicant testified that he contacted this creditor once following his OPM interview but was unable to find out any account information or make any payment arrangements. He has not made any payments on this account since its delinquency. (Answer; GE 3, GE 4; Tr. 49-53, 63-64)

**SOR ¶ 1.c.** This credit-card account was opened in October 2019, became delinquent in February 2021, and was charged off in the approximate amount of \$5,032. Applicant testified that he contacted this creditor once following his OPM interview but was unable to find out any account information or make any payment arrangements. He has not made any payments on this account since its delinquency. (Answer; GE 3-5; Tr. 49-53, 63-64)

**SOR ¶ 1.d.** This credit-card account was opened in March 2019, became delinquent in February 2021, and was charged off in the approximate amount of \$1,945. Applicant testified that he contacted this creditor once following his OPM interview but was unable to find out any account information or make any payment arrangements. He has not made any payments on this account since its delinquency. (Answer; GE 3-5; Tr. 49-53, 63-64)

**SOR ¶ 1.e.** This payday loan was placed for collection in March 2025 in the approximate amount of \$1,105. He testified that he had incurred this loan around 2021 to cover living expenses during the pandemic. After the hearing, Applicant made one \$50 payment on March 9, 2026, and another payment was scheduled for March 20, 2026. (GE 5; AE A; Tr. 48-49)

Applicant earns about \$24 an hour. He typically does not work 40 hours a week due to his assigned schedule, and at times only works 30 hours a week. He estimated that he earned approximately \$50,000 in 2025. He also explained that, without a vehicle, he relies on ride-sharing services for transportation to and from work, which is an additional expense (\$100 weekly) for him. (Tr. 29-30, 39, 41, 59-60)

He attributed his financial problems, in part, to missing a month of work in about October 2020 after he had contact with an individual who tested positive for COVID-19. He was not permitted to work while under quarantine. He also explained that he at times provided financial assistance to his mother and cousin. Several years ago, while the cards were still active, he used one of the alleged credit-card accounts to purchase his mother a washer and a dryer (\$900). In 2021, he covered approximately \$100 to 200 in expenses to help his cousin. (Tr. 42-46)

Applicant expressed his intent to address and resolve his delinquent accounts; however, he has not taken any steps to contact the creditors in SOR ¶¶ 1.a.-1.d. beyond the one attempt each. He explained that he had not retained the account information for the alleged accounts given their age and he had been uncertain how to proceed. He acknowledged that he may be unable to adhere to monthly payments of \$25 or more. His checking account balance was \$23 on the day of the hearing. He has not participated in any credit counseling. (Tr. 55-58, 63)

## **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. The following are potentially applicable in this case:

AG ¶ 19(a) inability to satisfy debts; and

AG ¶ 19(c) a history of not meeting financial obligations.

Applicant’s admissions and the documentary evidence establish his five delinquent debts, totaling approximately \$27,351. These accounts became delinquent in 2021 and 2022. 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; and

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

Applicant bears the burdens of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his or her 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 credibly testified that his financial problems were caused, in part, due to a period of unemployment during the pandemic and his long-term underemployment. He has maintained the same position since 2015, and he often is scheduled to work only 30 hours a week. His lack of a vehicle requires him to pay for ride-sharing services each workday due to the unavailability of public transportation. In addition to circumstances beyond his control, he acknowledged some irresponsibility on his own part contributed to his financial problems. Following his 2023 security interview, he contacted his creditors to find out additional information regarding his delinquent debts and was unsuccessful. He did not attempt any other ways to contact his creditors or to initiate any other debt-resolution efforts. After the hearing, he established a payment arrangement with one creditor (SOR ¶ 1.e.) and made one \$50 payment; however, he has not established a track record of payments or that he can afford to maintain these payments. He testified that he had \$23 in his account on the day of the hearing.

I found Applicant’s testimony to be candid and credible. He expressed his intent to address and resolve his financial delinquencies; however, he does not have the means and had not initiated debt-resolution efforts prior to the hearing. Notwithstanding his credible testimony and recent payment, I cannot conclude that he has demonstrated financial responsibility with regards to his delinquent accounts. None of the 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 credibly testified about his underemployment and financial struggles, and he acknowledged that his own financial irresponsibility contributed to his financial delinquencies. I have considered that he remains underemployed and has not demonstrated a reliable income to make debt repayments. He has not sought credit counseling or contacted his creditors to explore ways to resolve his delinquent debts. His recent payment on one account is a positive first step; however, he has not established a track record of payments and financial responsibility. He did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

This decision should not be construed as a determination that Applicant cannot obtain a security clearance in the future. With a track record of payments and financial responsibility, he may overcome the aforementioned concerns.

### **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.e.:	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