



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



In the matter of:)	
)	
)	ISCR Case No. 25-00472
)	
Applicant for Security Clearance)	

Appearances

For Government: Karen Moreno-Sayles, Esq., Department Counsel
For Applicant: *Pro se*

04/02/2026

Decision

DORSEY, Benjamin R., Administrative Judge:

Applicant mitigated the financial considerations security concerns. Eligibility for access to classified information is granted.

Statement of the Case

On July 2, 2025, the Department of War (DOW) issued a Statement of Reasons to Applicant detailing security concerns under Guideline F (financial considerations). Applicant responded to the Statement of Reasons on July 16, 2025, and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The case was assigned to me on January 29, 2026.

The hearing was convened as scheduled on March 3, 2026, over the Microsoft Teams online network. Government Exhibits (GE) 1 through 10 were admitted in evidence, without objection. At Applicant’s request, I left the record open until March 10, 2026 to allow the parties the opportunity to provide post-hearing documents. Applicant timely provided Applicant Exhibits (AE) A through I, which I admitted, without objection. I marked the Government’s July 30, 2025 disclosure letter as Hearing Exhibit (HE) 1 and the Government’s exhibit list as HE 2. DOHA received a transcript of the hearing (Tr.) on March 10, 2026.

Findings of Fact

Applicant is a 40-year-old employee of a government contractor for which he has worked since 2025. He has been consistently employed by federal contractors at overseas duty stations since 2019. He was married from 2006 until a divorce in either 2019 or 2020. He legally separated from his ex-wife in 2017. He has two children, ages 18 and 8. He earned a high school diploma in 2004. (Tr. 28-40; GE 1-3)

In the SOR, the Government alleged that Applicant has five delinquent accounts totaling approximately \$36,000. These accounts consist of the following: a car loan charged off in the approximate amount of \$28,042 (SOR ¶ 1.a); a credit card charged off in the approximate amount of \$4,215 (SOR ¶ 1.b); a credit card placed for collection in the approximate amount of \$1,768 (SOR ¶ 1.c); a credit card charged off in the approximate amount of \$1,298 (SOR ¶ 1.d); and a credit card charged off in the approximate amount of \$761 (SOR ¶ 1.e). He admitted the SOR allegations. His admissions are incorporated in my findings of fact. The SOR allegations are established by his admissions and the Government's credit reports. (SOR; Answer, GE 1-10)

Applicant earned between \$48,000 and \$56,000 annually between 2019 and 2022. From 2022 until 2023, he earned approximately \$75,000, annually. Later in 2023, he started his penultimate job where he earned approximately \$96,000, annually. At his current job that he started a few months ago, he earns about \$62,000, annually. His take-home pay is between \$1,800 and \$2,400 every month. He does not pay for room and board, as it is included as a benefit of his employment. One of his larger monthly expenses is his child-support payment which is \$1,042. He is current on his child support obligation. His other consistent expense is a rental car of about \$570 per month. He also occasionally helps his parent financially. He does not have a savings account or retirement savings. He has a checking account that had about \$800 in it as of the day of the hearing. He testified that he has about \$2,000 left over at the end of each month but later acknowledged that amount was an overestimation. He does not follow a written budget. He has a job offer from another government contractor as of March 6, 2026, that is conditioned upon him maintaining a security clearance. The offer contemplates paying him a salary of \$86,000, annually. (Tr. 27-32, 64-72, 76-79; AE H)

Applicant claimed that he had financial issues beginning in about 2010 because he was having a hard time finding work. His wife (now ex-wife) joined the military in 2013 to support their family financially. He claimed he had a period of financial stability from that time until about 2020, with the COVID-19 pandemic causing things to get a "little shaky with my finances and using credit cards and everything like that." He also blamed some poor financial decisions he made in about 2022 and 2023. In about 2022, to try to earn more money, he became business partners with an ex-girlfriend, who he described as an "entrepreneur." Together, they purchased two pieces of property to list as AirBnBs. His ex-girlfriend took out the loans to purchase these properties because she had better credit. However, they did not rent the properties out often enough to cover the loans they took out to purchase them, and he lost "a lot of money from it." Then, while still "in business" with his ex-girlfriend, Applicant financed the entire purchase price of a luxury sports car (the debt listed in SOR ¶ 1.a) with the plan of

listing it on a website that allowed individuals to rent the vehicle. However, the car ended up needing significant repairs, which required it to be in the shop and unavailable to rent for a sustained period of time. Without renting the vehicle out, he could not afford to make the loan payments. He testified that he has not had any business dealings with his ex-girlfriend after his plans for the vehicle did not pan out, and that he does not intend to have any in the future. (Tr. 24-27, 32-47, 49-50, 72-73; Answer; GE 3-10)

Applicant had a security interview with a government investigator in December 2023 (2023 SI), but they did not discuss delinquent financial accounts. After another security interview with a government investigator in November 2024 (2024 SI) where the SOR accounts were discussed, he decided to consolidate his debts with a debt consolidation company (Company A). His ex-wife used Company A to help with her financial issues and recommended it. After considering other methods to settle his accounts between mid-2023 and early 2025, such as unsuccessfully applying for loans, he enrolled with Company A in February 2025. Since then, he has paid \$280 every two weeks into an account of a subsidiary of Company A, which takes a fee and uses the rest of the money to negotiate a payment arrangement with enrolled creditors. He provided documentary evidence of his agreement with Company A, his deposits, and that he has enrolled the SOR accounts, along with four non-SOR accounts for a total of about \$40,000. Company A estimated that he would pay approximately \$33,000 to Company A to resolve the enrolled accounts. It would take about \$11,000 in fees and they estimated that he would settle his enrolled accounts for about \$22,000. He has not missed a required payment and testified that he will follow the plan through to its conclusion. Pursuant to his arrangement, one of his SOR accounts and one non-SOR account have been settled for less than the full balance. Another SOR account will be settled for less than the full balance after one more scheduled payment. When asked to explain why he waited until February 2025 to hire Company A when some of the SOR debts were delinquent by the middle of 2023, he testified that he applied for the aforementioned loans, but did not know how to tackle his debts until his wife referred him to Company A. (Tr. 24-27, 50-54; Answer; GE 8; AE F)

As of the close of the record, the status of the SOR debts was as follows:

The auto loan charged off in the approximate amount of \$28,042 listed in SOR ¶ 1.a is in the process of being resolved. Applicant opened this account in January 2023 to finance the purchase of the sports car. He was 120 or more days overdue on this account in September 2023. In February 2025, he enrolled the debt with Company A. Company A will negotiate a payment arrangement with the creditor next, but it has yet to establish a payment plan and has not disbursed any payments to the account. It plans to offer to pay about half of the balance. It is unclear what monthly payments will be offered. (Tr. 54-56, 72-75; Answer; GE 3-8, 10; AE A-C, E)

The credit card charged off in the approximate amount of \$4,215 listed in SOR ¶ 1.b is being resolved. Applicant opened this account in March 2021. He was 120 or more days overdue on this account in September 2023. In November 2024, he

contacted the creditor and made a payment arrangement whereby he would make 12 monthly payments totaling about \$2,318. He did not comply with this payment arrangement. In February 2025, he enrolled the debt with Company A. Company A negotiated a payment arrangement with the creditor on this account. Pursuant to that payment arrangement, he made monthly payments of \$25 per month from April 2025 until September 2025. From October 2025 until February 2026, he made monthly payments of \$240. As of the hearing he had one remaining payment of \$291 to satisfy the payment arrangement and settle the account for less than the full balance. (Tr. 54-57; Answer; GE 3-10; AE D)

The credit card placed for collection in the approximate amount of \$1,768 listed in SOR ¶ 1.c is being resolved. Applicant opened the account in August 2021. He was 120 or more days overdue on this account in September 2023. In February 2025, he enrolled the debt with Company A. Company A negotiated a payment arrangement with the creditor on this account to settle this account for \$970. A document from Company A shows that payments are in progress, but it does not show how many payments he made or in what amount. (Tr. 57; Answer; GE 3-8, 10; AE A)

The credit card charged off in the approximate amount of \$1,298 listed in SOR ¶ 1.d is being resolved. Applicant opened this account in July 2022. He was 90 or more days overdue on this account in September 2023. In February 2025, he enrolled the debt with Company A. Company A negotiated a payment arrangement with the creditor on this account to settle the account for \$585. He provided a document from Company A showing that payments are in progress, but the document does not show how many payments he made or in what amount. (Tr. 57; Answer; GE 3-8, 10; AE A)

The credit card placed for collection in the approximate amount of \$761 listed in SOR ¶ 1.e has been resolved. Applicant opened the account in May 2022. He was 120 or more days overdue on this account in September 2023. In February 2025, he enrolled the debt with Company A. Company A negotiated a payment arrangement with the creditor on this account to settle this account for \$266. He provided a document from Company A showing that he settled this account for less than the full balance in about November 2025. (Tr. 57-58; Answer; GE 3-8, 10; AE A)

Applicant enrolled other accounts with Company A. He settled a credit card charged off in the approximate amount of \$2,400 for less than the full balance in about September 2025 by paying about \$1,218. He has a payment arrangement on three other credit-card accounts to satisfy the accounts for less than the full balance. One of these accounts was charged off in the approximate amount of \$823 that he is settling for \$411. Another account was charged off in the approximate amount of \$527 that he is settling for \$179. The third account was charged off in the approximate amount of \$1,932 that he is settling for \$764. (Tr. 58-59; GE 10; AE A-C)

Applicant received financial counseling from an individual with unknown qualifications in 2023. His ex-wife recommended this individual, and he claimed the counseling was sponsored by the military. (Tr. 60-61)

While it is not alleged in the SOR, Applicant received unemployment benefits to which he was not entitled in 2012. I will not use unalleged conduct for purposes of disqualification. I will use it for appropriate purposes such as mitigation and whole-person analysis. His employment at the time was seasonal, so he would file for unemployment benefits during the summer when he was not working. However, at some point, he continued to request and receive unemployment benefits despite knowing he was working too many hours to earn those benefits. He claimed that he knows it was wrong and made a bad decision while trying to provide for his family. He paid back the \$8,000 in unemployment benefits he received to which he was not entitled. (Tr. 61-64; GE 3)

Applicant provided character-reference letters from his ex-wife and an Army lieutenant colonel. Both writers have known him for years and attested to his integrity, reliability, and judgment. They wrote that he is a man of character and commend him in his personal and professional life. They believe he displays the judgment, reliability and trustworthiness required of those entrusted with security clearance eligibility. I observed Applicant while he testified. Given his demeanor and forthright willingness to acknowledge his financial mistakes, I found him to be credible. (AE G, I) [no Caps unless referring to a specific person, like Lt. Col. North]

Policies

This case is adjudicated 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), which became effective on June 8, 2017.

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(c), 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 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 access to classified information. 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 of potential, rather than actual, risk of compromise of classified 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 had five delinquent accounts totaling approximately \$36,000. He was not making timely payments on these accounts by September 2023. The above-referenced disqualifying conditions are established.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

- (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 initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

Applicant has the burden of proof to show evidence in mitigation. He enrolled his SOR and other delinquent accounts with Company A and has made progress on paying some of those accounts, including satisfying the account in SOR ¶ 1.e and a non-SOR account for less than the full balance. He is also one payment short of satisfying the account in SOR ¶ 1.b for less than the full balance. However, despite being delinquent on the SOR accounts by September 2023, he has only been enrolled with Company A for a little over one year (February 2025). Also, Company A has not made any progress on what is by far his largest account (SOR ¶ 1.a for \$28,042). While he may have been following Company A's advice to let them handle all of his accounts, there are three additional delinquent accounts on the February 2026 credit report. For these reasons, I do not find that he provided sufficient evidence that his financial issues were so long

ago, infrequent, or happened under circumstances that they are unlikely to recur. AG ¶ 20(a) does not apply.

Applicant has not provided evidence that the conditions that resulted in the financial problems were largely beyond his control. Instead, the evidence shows that the conditions that resulted in the financial problems were caused by poor and risky business decisions. AG ¶ 20(b) does not apply.

Applicant received credit counseling in 2023. It's unclear from the evidence whether that counseling was from a legitimate and credible source. Regardless, after the credit counseling, he continued to have financial problems. AG ¶ 20(c) does not apply.

For AG ¶ 20(d) to apply, Applicant must show that he initiated and adhered to an effort to repay creditors or otherwise resolve debts, and that he acted in good faith. His hiring of Company A, their resolution efforts on his behalf, and his compliance with his payments to Company A meet the first prong of this analysis.

In determining whether Applicant's resolution efforts were made in good faith, the timing of the efforts is an important (but not the only) consideration. He was behind on the required payments for his SOR accounts by September 2023. He credibly testified that he applied for loans with an intent to pay his creditors before hiring Company A in February 2025. In November 2024, he made a payment arrangement with the creditor for the account in SOR ¶ 1.b. While he defaulted on this account, his effort of making a payment arrangement provides evidence of his attempted resolution timing and therefore, his intent.

This scenario is not a perfect example of a good-faith effort. Applicant began resolving his debts after the 2024 SI (the delinquencies were not discussed during the 2023 SI), so he was arguably on notice after the 2024 SI that his clearance eligibility might be in jeopardy. However, he began resolving his debts well before the DOW issued the SOR in July 2025, which is often considered the true indicator of notice of danger to one's security clearance eligibility. He also credibly testified that he applied for loans to repay his creditors between mid-2023 and hiring Company A, which tends to show that protecting his security clearance was not the impetus for his debt resolution efforts. Given these considerations, I find that there is sufficient evidence to show that he made his resolution efforts in good faith and AG ¶ 20(d) applies.

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 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 have incorporated my comments under Guideline F in my whole-person analysis. I have also considered Appeal Board precedent, including, but not limited to, the following. A meaningful track record of debt reform includes evidence that debts have been paid off or resolved. An applicant is not required to show that every debt in the SOR has been paid, and there is no requirement that a plan provide for payments on all outstanding debts simultaneously. ISCR Case No. 14-00504 at 2 (App. Bd. Aug. 4, 2014). Rather, an applicant is required to demonstrate that he or she has "established a plan to resolve his [or her] financial problems and taken significant actions to implement that plan." There is also no requirement that the first debts paid in furtherance of a reasonable debt plan are the SOR debts. ISCR Case No. 07-06482 at 2 (App. Bd. May 21, 2008). Guideline F mitigation does not require the payment of all the SOR debts. Instead, it requires that Applicant remove trustworthiness and reliability concerns raised by those debts. ISCR Case No. 14-00504 at 3.

Pursuant to my Guideline F analysis herein, including, more generally, Applicant's hiring of Company A in February 2025, and the subsequent steps he and they have taken to resolve his financial accounts, I find he has provided sufficient evidence of a meaningful track record of debt reform.

I have considered Applicant's positive character references and his credible testimony where he was forthcoming about his earlier poor financial judgment. I have also considered his intentional effort to obtain unemployment benefits to which he was not entitled in 2012, the 15 years that have elapsed since he engaged in that untrustworthy behavior, and his repayment of those unearned benefits. Overall, I am left without doubts about his judgment, trustworthiness, and reliability. I conclude Applicant mitigated the financial considerations security 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:

FOR APPLICANT

Subparagraphs 1.a-1.e:

For Applicant

Conclusion

It is clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is granted.

Benjamin R. Dorsey
Administrative Judge