



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



In the matter of:)
)
) ISCR Case No. 25-00833
)
Applicant for Security Clearance)

Appearances

For Government: Jenny Bayer, Esq., Department Counsel
For Applicant: *Pro se*

03/31/2026

Decision

Dorsey, Benjamin R., Administrative Judge:

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

Statement of the Case

On July 22, 2025, the Department of War (DOW) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant responded to the SOR on August 27, 2025 (Answer), and requested a decision based on the written record.

The Government submitted its written file of relevant material (FORM) on January 14, 2026. A complete copy of the FORM was provided to Applicant, along with information advising him that he had 30 days from his date of receipt to make objections to evidence, and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on February 7, 2026, and provided an undated response. (FORM Response). In the FORM Response, he indicated that “any factual conclusions drawn solely from [the unverified summaries of Enhanced Summary Interviews, identified as Items 13 and 14] are objected to as unauthenticated and entitled to reduced evidentiary weight.” The case was assigned to me on March 10, 2026. The Government exhibits included in the FORM, marked as Items 1 through 12 are admitted in evidence, without

objection. Applicant has objected to the entry in evidence of Items 13 and 14 as unauthenticated personal subject interviews. His objection is sustained, and Items 13 and 14 are not admitted in evidence. The FORM Response is admitted in evidence without objection.

Findings of Fact

Applicant is a 36-year-old employee of a government contractor for which he has been employed since about August 2024. He is often deployed outside of the United States for his work. He graduated from high school in 2007 and earned a certificate in administration of justice in 2015. He has been in a civil marriage since 2018. He has two children, ages 16 and 4. He served on active duty with the Army from 2009 until 2013, when he earned an honorable discharge. He served on inactive reserve duty with the Army National Guard from 2014 until 2019, when he earned an honorable discharge. (FORM Response; Items 2-4)

In the SOR, the Government alleged that Applicant had three delinquent accounts totaling about \$85,000 (SOR ¶¶ 1.a through 1.c). In the Answer, he admitted the SOR allegations with additional comments. His admissions are adopted in my findings of fact. The SOR allegations are established by his admissions and his and the Government's credit reports. He attached documents, including, *inter alia*, a narrative, three character-reference letters, and a July 2025 credit report. In the Answer, he claimed that he included attachments that he identified as Exhibits A through U. However, these documents were not included as part of the Answer. Department Counsel noted this failure to include these documents in its FORM, but Applicant did not include any documents identified as Exhibits A through U in the FORM Response, so, as far as I am able to glean, he did not include those documents as part of the record. I will discuss the nature and status of the debts herein. (FORM Response; Items 1, 2, 4, 5, 7-12)

A personal loan charged off in the amount of \$53,649 listed in SOR ¶ 1.a. Applicant opened this account in 2019. He became delinquent on the account in 2020, when he lost his job because of the COVID-19 pandemic. He claimed that he made a payment arrangement on this account for a time before he lost another job in September 2023. He also claimed that, in August 2025, he made a \$1,600 payment to the creditor and entered into a payment plan to make four to five monthly payments of \$150 per month. The credit reports do not reflect any payments on this account after it was charged off. In the FORM Response, he provided a document dated October 2025 from the current servicer of the loan reflecting a loan balance of \$53,349. He also provided a bank statement showing two debits of \$300 in September 2025, but it is unclear to whom those payments were directed. While his documents also reflect a \$1,600 deposit to a bank account on August 1, 2025, there is no indication that this money was debited or paid toward this personal loan. He claimed these payments were part of his financial recovery plan. (FORM Response; Items 1, 2, 4, 5, 7-12)

A credit card charged off in the amount of \$20,716 listed in SOR ¶ 1.b. Applicant opened this account in August 2020. The creditor charged it off in June 2022. Applicant claimed that he made a payment arrangement on this account for a time before he lost a job in September 2023. He also claimed that the payment arrangement that he made on the account in SOR ¶ 1.a applied to this account, as well. He claimed these payments were part of his financial recovery plan. He did not provide any documents to show that this account was part of a payment arrangement or that he had made payments on this account. The credit reports do not reflect any payments on this account since it was charged off. (FORM Response; Items 1, 2, 4, 5, 7-12)

A credit card charged off in the amount of \$10,950 listed in SOR ¶ 1.c. Applicant opened this account in 2015. His last payment on the account was in December 2022. He claimed that he made a payment arrangement on this account for a time before he lost a job in September 2023. He stopped making payments when he lost his job in September 2023 and lost track of the creditor. He provided no documents regarding any resolution efforts he made on this account. He claimed he included the resolution of this debt as part of his financial recovery plan, but he did not provide proof to corroborate his claim or specify any payment arrangement in place as he did with the debts in SOR ¶¶ 1.a and 1.b. He claimed he will address this account when he finishes paying the accounts in SOR ¶¶ 1.a and 1.b. (FORM Response; Items 1, 2, 4, 5, 7-12)

Applicant claimed that he fell behind on these debts because of unemployment due to the COVID-19 pandemic (unemployed from October 2020 until January 2022), unemployment because of hostile working conditions at a former job (unemployed from September 2023 until August 2024), underemployment, and a downturn in the market of government contractor jobs. He also started a laundromat business that was hampered by COVID-19 pandemic restrictions, but he claimed that this business no longer loses money. He provided a document that reflects charges that the business incurred. He also had a child who was born prematurely and required expensive medical care. (FORM Response; Items 2-5)

Applicant claimed that, despite these setbacks, he acted responsibly by maintaining his child-support payments, making payments to his creditors when he was able, disclosing his financial issues, and consistently looking for employment when he was unemployed. He provided documents from 2021 and 2022 showing his efforts to find employment. He alleged that Chinese-based firms attempted to contact him in response to his job searches, but he did not respond because of his loyalty to the United States. (FORM Response; Items 2-5)

Applicant settled two other accounts originally held by the same creditor holding the accounts listed in SOR ¶¶ 1.a and 1.b. Credit reports show that he has satisfied several other loans from this creditor over the years. While some of these accounts were late, the credit reports do not reflect that these satisfied accounts were ever charged off or placed for collection. He also satisfied a DOD overpayment. (FORM Response; Items 2, 4, 5, 7-12)

Applicant provided a personal financial statement from May 2025 that reflected a net surplus of \$2,750 after paying \$1,100 per month on the debts in SOR ¶¶ 1.a and 1.b and \$350 per month on the debt in SOR ¶¶ 1.c. This net surplus is based on a net monthly salary of \$6,433 and other monthly income of \$4,400 from a source that he described as “house built on family land.” He did not provide an explanation as to how he earns \$4,400 monthly from a house on family land but provided a LEXISNEXIS document showing a parcel of real property in his name with a tax-assessed value of \$537,000. He provided a paystub corroborating the accuracy of this net monthly salary from January 2025. However, a subsequent paystub he provided from May 2025 reflected zero gross pay. A reasonable reading of these documents in the context of his other narrative statements is that he was not deployed for the pay period ending in May 2025. It is unclear what his current income status is, i.e., whether he is deployed and earning an income, or not deployed and not earning an income. He also referenced a work schedule that sees him deployed for several months and then (presumably) not working for several months. The credit reports do not reflect any additional delinquent debts. (FORM Response; Items 2-5, 7-12)

Applicant provided character-reference letters from colleagues (including a former supervisor) and friends who attested to his outstanding honesty, trustworthiness, character, integrity, and strong work ethic. To the extent they opined, the writers believed that Applicant should be awarded security clearance eligibility. The writers indicated that they are aware of his financial issues but did not indicate they have reviewed the SOR. (Item 2)

Policies

This case is adjudicated under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; 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 has three delinquent consumer debts totaling about \$85,000. The accounts have been charged off for several years. The above 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; and
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

It is reasonable to expect Applicant to present documentation about the resolution of specific debts. See, e.g., ISCR Case No. 15-03363 at 2 (App. Bd. Oct. 16, 2016). Applicant has provided some documents purporting to evidence payments made on the debts in SOR ¶¶ 1.a and 1.b. However, those documents are equivocal and fall short of corroborating his claim that he has a payment arrangement on which he is compliant for those debts. First, there is insufficient evidence that he made the \$1,600 payment that the creditor required on the debt in SOR ¶ 1.a. None of the record evidence reflects an outgoing payment of \$1,600 on this debt. The only document that reflects a decrease in the balance on either of these accounts is a document reflecting a \$300 decrease on the balance in SOR ¶ 1.a. While he provided a document showing two August \$300 payments from his bank account, that document does not reflect to whom the payments were made. A reasonable reading is that he made one \$300 payment on the debt in SOR ¶ 1.a because of the corresponding reduction in balance. However, he has not provided any corroborating evidence that he has continued to make those payments. He also has not provided any documents to show that he has made any payments on the debt in SOR ¶ 1.b, and he acknowledged that he has not attempted to resolve the debt in SOR ¶ 1.c for a few years. Finally, the record is unclear as to whether he is currently earning a wage from his employer, and, if so, for how long. For these reasons, I find that Applicant's

financial delinquencies are recent and ongoing, and I do not find they are unlikely to recur. AG ¶ 20(a) does not apply.

The conditions that led to Applicant's financial problems were arguably beyond his control. For AG ¶ 20(b) to fully apply, he must also show that he acted responsibly under the circumstances. In a similar vein, for AG ¶ 20(d) to apply, he must show that he initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts. As I indicated in my analysis of his evidence under AG ¶ 20(a), Applicant has not provided sufficient evidence to establish that he met either of these standards because he has not proven that he has payment arrangements with which he is complying. It has been several years since his accounts were charged off by the creditors, yet he still has not made any meaningful payments on the SOR accounts. Even if I were to ignore his lack of corroborating documentary evidence and give him credit for making two \$300 payments on SOR ¶¶ 1.a and 1.b, he made those payments well after the SOR was issued, which tends to show that his motivation was to protect his security clearance eligibility. Even if made, these payments are also insignificant in comparison to his overall delinquent SOR debt. AG ¶¶ 20(b) and 20(d) do not apply.

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 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 in my whole-person analysis. I have considered his positive character-references and his military service with honorable discharges. Overall, given the lack of evidence of Applicant's resolution of his financial issues, I conclude Applicant did not mitigate the financial considerations security concerns.

Formal Findings

