



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



In the matter of: )  
)  
) ISCR Case No. 24-02235  
)  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Cynthia Ruckno, Esq., Department Counsel  
For Applicant: *Pro se*

03/30/2026

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**Decision**

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HOGAN, Erin C., Administrative Judge:

Applicant did not mitigate the security concerns raised under Guideline F, Financial Considerations. Eligibility for access to classified information is denied.

**Statement of the Case**

On December 20, 2023, Applicant completed and signed an Electronic Questionnaires for Investigations Processing (e-QIP). (Government Exhibit (GE) 1) On March 6, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F, Financial Considerations. The action was taken under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective on June 8, 2017.

On July 8, 2025, Applicant answered the SOR and requested a hearing before an administrative judge. The case was assigned to me on December 19, 2025. On January

16, 2026, a Notice of Hearing was issued scheduling the hearing on February 4, 2026. The hearing was held as scheduled, via video-teleconference. During the hearing, the Government offered seven exhibits, which were admitted as Government Exhibits (GE) 1 – 7. Applicant testified. The record was held open until February 18, 2026, to allow Applicant to submit additional documents. He timely provided a document which was marked as Applicant Exhibit (AE) A, consisting of eight pages, and admitted without objection. The transcript (Tr.) was received on February 17, 2026. The record closed on that date. Based upon a review of the pleadings, exhibits, and testimony, eligibility for access to classified information is denied.

### **Findings of Fact**

In response to the SOR, Applicant admitted the allegations in SOR ¶¶ 1.a – 1.j and denied the allegations in SOR ¶¶ 1.k – 1.n. His admissions are accepted as findings of fact. Additional findings follow.

Applicant is a 38-year-old employee of a defense contractor seeking a top-secret security clearance. He has worked for his current employer since November 2022. He was granted a secret clearance in a previous position. His highest level of education is a bachelor's degree. He has no military service. He is married but recently separated from his wife. They share joint custody of their three-year-old son. (Tr. 19-21, 31, 38; GE 1)

The names of individuals, businesses, and institutions have been changed in this decision in the interests of protecting the Applicant's privacy. More detailed information is located in the case file.

### **Financial Considerations**

Applicant's SOR alleges ten delinquent student loan accounts with an approximate total balance of \$64,733. (SOR ¶¶ 1.a – 1.j: GE 3; GE 4; GE 5, GE 6; GE 7). The SOR also alleges Applicant has four delinquent consumer debts, to include: a \$726 credit card debt that was placed for collection (SOR ¶ 1.k: GE 3 at 3; GE 4 at 2; GE 5 at 4; GE 6 at 2); a \$527 delinquent insurance bill that was charged off (SOR ¶ 1.l: GE 3 at 3; GE 5 at 5; GE 6 at 2); a \$282 delinquent internet or cell phone account that was placed for collection (SOR ¶ 1.m: GE 3 at 4; GE 5 at 5; GE 6 at 2); and a \$170 delinquent cell phone account that was placed for collection (SOR ¶ 1.n: GE 4 at 2; GE 5 at 4; GE 6 at 2). The total approximate amount of the delinquent consumer debt is \$1,705.

On February 1, 2024, Applicant was interviewed by an investigator who was conducting his security clearance background investigation. The interviewer questioned him about his financial background. Applicant denied the debt alleged in SOR ¶ 1.k, which was a \$726 credit card debt that was placed for collection. He admitted to once having this credit card but claims that it was never late or in collections. He intended to contact the creditor to inquire about the account. He also denied the debt alleged in SOR ¶ 1.l, which was a \$527 debt owed to an insurance company that was placed for collection. He had an account with this insurance company several years ago but claims his account

was never late or placed for collection. He intended to contact the insurance company to inquire about the account. He denied the debt alleged in SOR ¶ 1.m, which was a \$282 delinquent internet account that was placed for collection. He recalls having an internet account with this company when he lived with his mother. He is not aware whether the account is cancelled or if his mother still uses the account. He intended to contact the company to inquire about the account. (GE 2 at 5)

The investigator questioned Applicant about his student loans which as of December 2023, were listed as "COLLECTION OR CHARGEOFF, PAYS AS AGREED, CRED COMMENTS: CURRENT." He told him that he may have missed some payments during COVID when his hours and pay were reduced. He claimed that he was never notified that they were placed in collection. (GE 2 at 7-8)

In his September 1, 2024, response to DOHA Interrogatories, Applicant was asked to explain the status of all his delinquent financial debts, which included all of the debts alleged in the SOR, to include his delinquent student loan accounts. For each debt, he was asked whether the debt was either paid or unpaid. If unpaid, he was asked whether he was making payments. He indicated that each debt was unpaid and that he was not making payments. He explained that his debts became delinquent because he became the breadwinner for his family immediately after graduating college and that taking care of his mother and younger brothers set him back financially. (GE 3)

Applicant completed a personal financial statement in his response to the September 2024 interrogatories. He listed his total net monthly income as approximately \$4,437. His total monthly expenses were approximately \$3,525. He did not list any monthly debt payments. After his monthly expenses, he had a monthly remainder of approximately \$912. (GE at 12)

In response to interrogatories, dated January 10, 2025, Applicant responded "No" to a question that asked whether he had resolved his U.S. Department of Education debts that were placed for collection. He listed the current outstanding balance as \$62,483. He indicated that he was not on a payment plan or otherwise making regular payments on these accounts. He indicated the accounts were still in collection. (GE 2 at 11)

Applicant provided a personal financial statement in response to the January 2025 interrogatories. His net monthly income is approximately \$4,437. His monthly expenses total approximately \$2,916. He did not list any debt payments. He had a net remainder each month after expenses of \$1,521. (GE 2 at 13)

During the hearing, Applicant testified that he graduated from college in 2010. After a six-month deferment period, he was required to start making his student loan payments. He has never made payments towards his student loans. In January 2026, he attempted to locate the creditors of his student loans, but he was unsuccessful. He testified that he lived with his mother and two younger brothers. His mother does not earn sufficient income, so he was responsible for paying some of the expenses in the home. One brother was in college and one brother suffers from a chronic disease which made it difficult for

him to work on a regular basis. As a result, he claims he could not afford to make payments towards his student loans. (Tr. 21-22, 28-29, 35-38)

Applicant married in May 2022. He and his wife lived together in an apartment. They recently separated, and he moved back in with his mother and two younger brothers. He and his wife take turns caring for their son every other week. No legal separation agreement has been initiated. (Tr. 19, 38)

After the hearing, Applicant submitted a document that addressed the debts alleged in SOR ¶¶ 1.k - 1.n. The status of the debts are:

SOR ¶ 1.k: \$726 delinquent credit card account placed for collection. On a date uncertain, Applicant formally disputed this debt under the Fair Credit Reporting Act (FCRA) with TransUnion. TransUnion approved the dispute with the result that they updated the information for this account. It is unclear whether the account was removed or if information was updated on the credit report. (AE A at 3)

SOR ¶ 1.l: \$627 insurance debt placed for collection. On a date uncertain, Applicant formally disputed this debt under the FCRA with TransUnion. Transunion investigated the dispute and deleted the debt from the credit report. (AE A at 4)

SOR ¶ 1.m: \$282 internet or cell phone account that was placed for collection. Applicant entered into a settlement agreement with the current agency collecting this account on February 26, 2026. He agreed to make two payments of \$84.89 to settle the account for the total amount of \$169.78. The first payment was made on February 26, 2026, and the last payment is due on March 26, 2026. (AE A at 8)

SOR ¶ 1.n: \$170 cell phone account that was placed for collection. While the paperwork is unclear, it appears that Applicant entered into a repayment agreement with the collection agency collecting on this debt, where he agrees to pay \$42.65 a month on the 5<sup>th</sup> of each month, starting on April 5<sup>th</sup> and ending on June 5<sup>th</sup>. He provided proof that he paid \$42.65 on February 26, 2026. (AE A at 5-7)

As of the close of the record, no information was provided regarding steps taken to resolve the delinquent student loan debts alleged in SOR ¶¶ 1.a – 1.j.

Applicant's oldest brother testified on his behalf. He is a federal government contractor and has a security clearance at the level of top secret/sensitive compartmented information (TS/SCI). He is married. He and his wife recently purchased a home. He testified that when everyone lived at home, they all contributed to the monthly expenses and helped around the house. His mother works a low-paying job. After he moved out of the house, Applicant had to contribute more because their two younger brothers were unemployed. He confirmed that one brother was in college, and the other brother did not work full-time. Applicant currently lives in the family home. He makes the most money, so he contributes more to the household expenses. His oldest brother testified that Applicant

loves his country and is not a threat to national security. He has debts and is actively trying to get his financial situation in order. (Tr. 13-17)

## Policies

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, “no one has a ‘right’ to a security clearance.” *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). 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. *Id.* at 527. The President has authorized the Secretary of Defense or his designee to grant applicants eligibility for access to classified information “only 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 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 § 7. Thus, a decision to deny a security clearance should not be construed to suggest that it is based, in whole or in part, on any express or implied determination about an applicant’s allegiance, loyalty, or patriotism. It is merely an indication the applicant has not met the strict guidelines the President, Secretary of Defense, and Director of National Intelligence have established for issuing a clearance.

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 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**

### **Guideline F, Financial Considerations**

AG ¶ 18 expresses the security concern for financial considerations:

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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

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 a history of financial problems as indicated by his four delinquent consumer debts and his delinquent student loans. His failure to pay his delinquent student loans for over 15 years is the primary concern in this case. AG ¶¶ 19(a) and 19(c) are applicable.

The guideline also includes conditions that could mitigate security concerns arising from financial difficulties. I have considered all the mitigating conditions under AG ¶ 20 and the following potentially apply:

(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.

AG ¶ 20(a) does not apply. While Applicant recently began to research his student loan debt, he has not been able to locate the current debt collector. After graduating from college, he failed to make payments towards his student loans. He has over \$64,000 in unresolved student loans, which he neglected to pay for over 15 years. He also had four delinquent consumer debts. His financial issues are ongoing and raise questions about his reliability, trustworthiness and judgment.

AG ¶ 20(b) partially applies. Applicant had several circumstances beyond his control which complicated his financial situation to include contributing to the household expenses to support his mother and two younger brothers, and his recent separation from his wife. However, I cannot conclude Applicant acted responsibly under the circumstances, because he avoided paying his student loan debts over a period of 15 years resulting in a delinquent student loan balance of over \$64,000. For this reason, this mitigating condition is given less weight.

AG ¶ 20(c) does not apply because Applicant has never taken a financial counseling course from a legitimate and credible source, such as a non-profit counseling service. While he intends to pay his delinquent debts, there is no clear indication that his financial problems are being resolved or under control.

AG ¶ 20(d) partially applies. Applicant recently began to resolve his four delinquent consumer debts. However, he waited until after the hearing to do so. He was on notice that these debts and his delinquent student loans were a concern as early as his February 2024 background investigation interview. While he is making progress in resolving his

four delinquent consumer debts alleged in SOR ¶¶ 1k – 1.n, the attempts to resolve these accounts were taken at the last minute. The main concern in this case is the over \$64,000 in unresolved delinquent student loan debt. Applicant has not made a good-faith effort to resolve his student loan debts. While he intends to resolve all his debts, a promise to pay in the future is not sufficient to indicate a good-faith effort to resolve one's debts. He has not taken timely sufficient steps to resolve his delinquent student loans, so this mitigating factor is given less weight.

Overall, Applicant did not meet his burden of proof to mitigate the concerns raised under financial considerations.

### **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 the 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), "[t]he ultimate determination" of whether to grant a security clearance "must be an overall commonsense judgment based upon careful consideration of the guidelines, each of which is to be evaluated in the context of the whole-person." My comments under Guideline F are incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under those guidelines but some warrant additional comment.

I considered Applicant has worked for his current employer since November 2022. I considered that he recently separated from his wife, and they share joint custody of their son. I considered that he provides support to his mother to enable her to meet expenses. However, he deliberately neglected his student loan payments over a period of 15 years. He only began to investigate his financial issues after receiving the SOR. He resolved some of his consumer debt after the hearing. At the close of the record, the delinquent student loan accounts remain unresolved. His history of financial problems and his current significant delinquent student loan debt raise doubts about his ability to be entrusted with access to classified information. In cases where there is doubt, national security concerns must take priority. The security concerns raised under Financial Considerations are not mitigated.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of true reform and rehabilitation necessary to be eligible for a security clearance. The determination of an individual's eligibility and suitability for a security clearance is not a once in a lifetime occurrence, but is based on applying the factors, both disqualifying and mitigating, to the evidence presented. Under his current circumstances, a clearance is not warranted. In the future, he may well demonstrate persuasive evidence of his security worthiness.

### **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.j:	Against Applicant
Subparagraphs 1.k – 1.n:	For Applicant

### **Conclusion**

In light of all of the circumstances in this case, it is not clearly consistent with the interests of national security to grant or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

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Erin C. Hogan  
Administrative Judge