



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



In the matter of: )  
)  
) ISCR Case No. 24-01546  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Brian Farrell, Esq, Department Counsel  
For Applicant: *Pro se*

03/24/2026

**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 November 25, 2024, 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 on January 25, 2025, and requested to have his case resolved on the written record without a hearing. Applicant received the File of Relevant Material (FORM) on January 22, 2026, and he elected not to respond to the FORM. This case was assigned to me on March 18, 2026. The Government's case consisted of eight exhibits that were admitted into evidence without objection as Government Exhibits (Items 1 through 8).

### **Summary of Pleadings**

Under Guideline F, Applicant allegedly accumulated five delinquent debts exceeding \$50,000. Allegedly, Applicant's delinquent debts have not been resolved and remain outstanding.

In Applicant's response to the SOR, he admitted the allegations pertaining to his delinquent accounts. He added explanations and clarifications. He claimed he would be able to pay off several of his creditors were he able to keep his job and security clearance for an additional six months.

### **Findings of Fact**

Applicant is a 38-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. (Items 3-4) He earned a high school diploma in October 2023 and reported four years of college attendance with a listed undated degree. (Item 3) He attended a police academy training course in December 2008 and reported no military service. (Items 2-4 and 8) Since January 2024, Applicant has been employed as an armed security guard. (Items 2-3) Previously, he worked for other employers in various jobs. He reported periods of unemployment between 2011 and 2021. (Items 3-4) He has held a security clearance since February 2017 and is presently sponsored by his current employer. (Items 2-3)

### **Applicant's Finances**

Between 2017 and 2018, Applicant accumulated five delinquent accounts exceeding \$50,000. (Items 5-8) Each of these delinquent accounts is addressed in the SOR allegations. (GEs 1-2) To date, Applicant has made no demonstrative progress with his reported SOR-listed debts, (Items 2-4) Anticipating a possible layoff from his current employer over the past year, he has abstained from addressing his delinquent debts. Currently, he does not have the financial resources to address any of his delinquent

accounts. Applicant did not provide a current financial statement or evidence of budgeting and financial counseling.

## **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 ¶

### **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 (4<sup>th</sup> 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 \$50,000 that raise trust, reliability, and judgment concerns about his current and future ability to manage his finances safely and responsibly. These concerns are addressed below.

Applicant’s admitted debt delinquencies require no independent proof to substantiate them. See Directive at E3.1.1.14; *McCormick on Evidence* § 262 (6<sup>th</sup> 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 as a hearsay exception that does not 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)

Applicant’s admitted delinquent debts warrant the application of three of the disqualifying conditions (DC) in the financial consideration guidelines. DC ¶¶ 19(a), “inability to satisfy debts”; 19(b), “unwillingness to satisfy debts regardless of the ability to do so,” and 19(c), “a history of not meeting financial obligations,” apply to Applicant’s situation.

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 financial 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 delinquent debts is 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(b), “the conditions that resulted in the financial problems 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.” Without documented evidence of Applicant’s making more concerted efforts to resolve his debt delinquencies, he cannot satisfy the “acted responsibly” prong of MC ¶ 20(b). Nor are any of the other potentially applicable conditions available to Applicant.

Promises made by Applicant to address his delinquent debts in the future, while sincere, are not a substitute for a seasoned payment history. See ISCR Case No. 17-04110 at 4 (App. Bd. Sep. 26, 2019) To satisfy the requirements of a “meaningful track record” means establishing a plan to resolve financial issues as they arise and taking significant actions to resolve them. See ISCR Case No. 07-06482 at 2 (App. Bd. May 21, 2008). Even with past periods of unemployment in his economic history, he falls short in meeting the minimal requirements for managing his finances.

### **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 premature to make safe predictions that Applicant will be able to undertake the necessary documented good-faith efforts to absorb 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.e:

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.

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Roger C. Wesley  
Administrative Judge