



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



In the matter of:)
)
) ISCR Case No. 25-01023
)
Applicant for Security Clearance)

Appearances

For Government: Brittany C. M. White, Esq., Department Counsel
For Applicant: *Pro se*

04/09/2026

Decision

HALE, Charles C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on April 25, 2018, and an updated SCA on June 1, 2024. On September 9, 2025, the Department of War (DoW) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DoW acted under Executive Order (Exec. Or.) 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) promulgated in Security Executive Agent Directive 4, National Security Adjudicative Guidelines (December 10, 2016).

Applicant answered the SOR on October 30, 2025, and requested a hearing before an administrative judge. The case was assigned to me on February 2, 2026. On February 5, 2026, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the

hearing was scheduled for March 11, 2026. I convened the hearing as scheduled. Government Exhibits (GE) 1 through 7 were admitted in evidence without objection. Applicant Exhibits (AE) A through E were admitted in evidence without objection. Applicant testified, and I held the record open until April 1, 2026, to enable either side to submit additional documentary evidence. Applicant timely submitted AE F and AE G, which were admitted in evidence without objection. DOHA received the transcript (Tr.) on March 27, 2026.

Findings of Fact

Applicant admits both debts alleged, SOR ¶¶ 1.a and 1.b. His admissions are incorporated into the findings of fact.

Applicant is a 53-year-old federal contractor. He worked as a property book team chief from 2017 to 2018. He was working overseas until 2018, when he returned to the United States because of medical issues. From March 2018 until July of 2019, he was unemployed. He took a stock clerk position with another company in the summer of 2019 until December 2020. Since January 2021, he has been employed as the unit set manager and working overseas. He has held a security clearance since 2009 without issue. He has never received financial counseling. (GE 1; GE 2; Tr. 18-22, 57.)

Applicant's opening statement was adopted as testimony without objection. (Tr. 20.) SOR ¶¶ 1.a and 1.b are two accounts which have been charged off in the approximate amounts of \$10,942 and \$23,755, respectively. He admits both debts appear on his credit reports as charge-offs in the amounts alleged, but notes one debt, SOR ¶ 1.a, has fallen off his credit report and SOR ¶ 1.b is being disputed. (Tr. 19.)

Applicant admitted SOR ¶ 1.a was a debt for a credit card he opened in about 2013. The credit card was used as his travel card for expenses to travel to and from overseas worksites. (GE 5; Tr. 23, 54.) He acknowledged that during his security clearance interview in August 2024 he told the investigator that he spoke with the creditor in 2019, about arranging a financial plan because he had a lower income. (Tr. 24, 30.) He admitted that he did not go back to the creditor to work out the plan:

No, not after the last time that I spoke to them. There was nothing that they said they could do about it or to minimize the payments or to hold the card or anything of that nature. After the last time I spoke to them, I have not reached back out or they have not reached back to me either. (Tr. 24.)

Applicant stated the debt had fallen off his credit report. He stated he believed this debt was resolved. He explained, "because it's not showing anymore, and it was in their statement that it was basically taken care of. You said that was in Exhibit 5, page 4, 6. Because the account was closed and credited by the grantor." (Tr. 18, 25, 55, 56; GE 5.)

SOR ¶ 1.b involves a delinquent installment loan that has been charged off in the approximate amount of \$23,755. Applicant opened the loan in June 2018 to pay for some

home repairs (Tr. 25-27.) He testified when he returned from overseas on vacation, prior to his medical leave, he opened the account. Then, due to medical reasons, when he was not receiving pay, the account became delinquent. (Tr. 18, 25-26, 35-38; Answer.) Applicant told the investigator during his security clearance interview he had forgotten about the debt back from 2018 until 2021, when he pulled a credit report. (Tr. 27-28.) He is now disputing the debt. He offered a client agreement letter with a law firm that he had hired to assist him in his dispute. He signed the agreement two days prior to the hearing but stated his efforts had been going on for months, "October [or] November 2025." He stated he had paid \$50 a month to the law firm since November 2025. (Tr. 19, 29-30; 46-47 AE E.)

Applicant, consistent with his Answer, blames these delinquencies on circumstances beyond his control. In April 2018, while he was employed as a contractor overseas, his employment came to an end because of medical issues. He was sent back to the United States and, while he technically remained employed, he was not receiving pay, nor was he eligible for unemployment compensation. He explained he did not work for the rest of the year 2018. He stated he was making payments the best he could on his mortgage, car notes, and other things like insurance until his reserve funds were depleted. (Answer; Tr. 17.) He acknowledged that in 2018 or 2019 he was able to refinance his mortgage. The refinancing reduced his monthly mortgage payment by at least \$200 a month. He put the additional \$200 a month toward his bills to make up for the lower income he was making. (Tr. 50-51.)

Applicant also discussed having to support his former cohabitant. As part of their breakup, he had agreed to pay her \$2,000 a month for ten months plus an additional \$2,500 payment. The cohabitant contributed to the household income and had supported him when he was unable to work in 2018. (Tr. 30-33; AE E, AE F.)

Applicant, in his August 2024 security clearance interview, told the investigator he had \$20,000 in savings, which he had accumulated from his work overseas. He estimated, as of the hearing, he had \$34,000 in savings. He was keeping this amount of savings to cover the debt he currently has should he lose his employment. He stated, "that \$32,000 is to make sure that if anything goes anyway, that that money covers that debt that I currently have." Since these delinquencies, he built a garage on property owned by his sister for \$23,000 to house his three vehicles and was able to pay his cohabitant as they had agreed. His monthly gross income is about \$10,500 and he estimated after all his bills he had about \$4,000 leftover each month, which goes into savings and his retirement account. (Tr. 31, 34-37, 39-41, 48; AE F, AE G.)

In 2021 and 2023, Applicant took two trips where he listed himself as tourist on his 2024 SCA. He estimated these trips cost him \$1,200 to \$1,500 in total. (GE 2 at 24-27; Tr. 44-45.) When asked whether he had initiated or was adhering to any good-faith efforts to repay either of these creditors or make any other attempts to resolve the debts he responded:

No, there's nothing else I've done. I've only reached out to the [SOR ¶ 1.a] creditor, like I said, back then, to make the effort to try to find a solution to make payments or -- and the response that I got from them, it was basically, no, the card would be turned off and charged off. (Tr. 58.)

Applicant was asked why he thought he had acted responsibly under the circumstances to resolve the two debts:

I don't feel like I took responsibility for the fact because it's still there. And it was my mistake for -- after a long period of time where I just forgot that there were even debts that were actually owed, because it had been such a long time and I hadn't looked at my credit report. I was back in the building phase of my credit report. So the responsibility, yes, it's totally mine and I understand that. So moving forward in a way, I don't know how to or if I'm advised to move forward with the creditor in any way. (Tr. 58.)

The character letters from Applicant's colleagues consistently describe him as a reliable, respectful, and hardworking individual. He was recognized for his exceptional attention to detail and sound judgment. They noted he conducted himself appropriately and met the high standards required of cleared professionals. (AE A – AE D.)

Policies

"[N]o 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 § 2.

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, an administrative judge applies these guidelines 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 and 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 that 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 made “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” Exec. Or. 10865 § 7. Thus, a decision to deny a security clearance is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense 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. 15-01253 at 3 (App. Bd. Apr. 20, 2016).

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 burden of proving a mitigating condition, and the burden of disproving it never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005).

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). “[S]ecurity clearance determinations should err, if they must, on the side of denials.” *Egan*, 484 U.S. at 531.

Analysis

Guideline F, Financial Considerations

The security concern under this guideline 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. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. . . .

This concern is broader than the possibility that a person might knowingly compromise classified information to raise money. It encompasses concerns about a person’s self-control, judgment, and other qualities essential to protecting classified information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. See ISCR

Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Applicant's admissions and the documentary evidence establish the following disqualifying conditions under this guideline: AG ¶ 19(a) (inability to satisfy debts), AG ¶ 19(b) (unwillingness to satisfy debts regardless of the ability to do so), and AG ¶ 19(c) (a history of not meeting financial obligations).

The following mitigating conditions under AG ¶ 20 are relevant:

(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; and

(e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue.

It is well established that the security clearance application process is not a forum for debt relief or a credit recovery service. The process is to determine whether an individual has the good judgment, reliability, and trustworthiness such that it is clearly consistent with the national interest to grant an applicant eligibility for access to classified information. ISCR Case No. 09-02160 (App. Bd. Jun. 21, 2010.) Applicant has established a pattern of serious financial mismanagement and poor decision making. While there is evidence of events outside his control – illness, loss of employment, and the dissolution of a domestic relationship – AG ¶¶ 20(a), 20(b), and 20(d) are not applicable.

Applicant has had almost five years to resolve these debts, yet only when the security clearance process was triggered did he give the appearance of action for one debt, and he simply let inaction resolve the other. After his medical concerns in 2018, Applicant has been working overseas consistently since 2019, with no breaks in employment. At the time of the hearing, he had accumulated over \$30,000 in savings and, in 2024, when he was interviewed and these debts were raised as concerns, he had about \$20,000 in savings. Applicant has not acted responsibly under the circumstances, and this casts doubt on his current reliability, trustworthiness, and good judgment.

Applicant's evidence is insufficient to establish that his financial problems were

beyond his control. The Appeal Board has previously stated that even a single debt can be sufficient to raise Guideline F security concerns. See, e.g., ISCR Case No. 14-05366 at 3 (App. Bd. Feb. 5, 2016). Additionally, a single debt that remains unpaid over a period of years can properly be characterized as a history of not meeting financial obligations. Furthermore, the evidence shows that Applicant had the financial resources to resolve the debt based on his employment since at least 2021. ISCR Case No. 19-02667 at 2 (App. Bd. Nov. 3, 2021.) I am unable to find that Applicant acted responsibly under the circumstances or that he made a good-faith effort to pay either debt, SOR ¶¶ 1.a or 1.b. His financial issues continue to cast doubt on his current reliability, trustworthiness, and good judgment. I find that financial considerations security concerns remain unresolved in this case.

AG ¶ 20(e) is not applicable. Applicant's dispute was not substantiated and was without merit. His dispute claim also was timed to the security clearance application process.

Whole-Person Concept

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. In applying the whole-person concept, an 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. An 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.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). Despite the strength of the character letters on Applicant's behalf, after weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concerns based on financial considerations.

Formal Findings

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F:

AGAINST APPLICANT

Subparagraphs 1.a-1.b:

Against Applicant

Conclusion

I conclude that it is not clearly consistent with the national interest to grant Applicant eligibility for access to classified information. Clearance is denied.

Charles C. Hale
Administrative Judge