



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



In the matter of:)
)
) ISCR Case No. 24-02066
)
Applicant for Security Clearance)

Appearances

For Government:
John Renehan, Esquire, Department Counsel

For Applicant:
Pro se

03/13/2026

Decision

ROSS, Wilford H., Administrative Judge:

Applicant mitigated the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

On March 7, 2025, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. The action was taken 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) implemented by the DOD on June 8, 2017.

Applicant responded to the SOR in writing (Answer) on April 11, 2025, and requested a hearing before an administrative judge. The case was assigned to me on July 21, 2025. The hearing was originally set for October 1, 2025, but was cancelled when all administrative judges were furloughed from October 1 through November 12, 2025, during a Federal government shutdown due to a lapse in Federal funding.

The Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on November 18, 2025. I convened the hearing as scheduled on December 17, 2025. The Government offered Government Exhibits 1 through 7, which were admitted without objection. Applicant testified on his own behalf and submitted Applicant Exhibit A, which was admitted without objection. He asked that the record remain open for the receipt of additional documentation. He timely submitted Applicant Post-Hearing Exhibits A through G, which were also admitted without objection. DOHA received the transcript of the hearing (Tr.) on December 29, 2025. The record closed on January 10, 2026

Findings of Fact

Applicant is 34 years old, married, and has five children. He is a high school graduate and has 120 credit hours towards a bachelor's degree. He is employed by a defense contractor as a logistics specialist. He has worked for his current employer since January 2016. He held national security eligibility with a prior employer until 2014. (Government Exhibit 1 at Sections 12, 13A, 17, and 18; Applicant Post-Hearing Exhibit D; Tr. 6-8.)

Paragraph 1 (Guideline F, Financial Considerations)

The Government alleges in this paragraph that Applicant is ineligible for clearance because he is financially overextended and therefore potentially unreliable, untrustworthy, or at risk of having to engage in illegal acts to generate funds. Applicant admitted all the allegations under this guideline with the exception of SOR ¶ 1.h, which he denied.

Based on the available documentary evidence Applicant is alleged to owe approximately \$120,823 in past-due debts, charged-off debts, and a foreclosure. The Government provided credit reports of Applicant dated March 14, 2024; October 8, 2024; February 24, 2025; and December 17, 2025, supporting the existence of the debts. (Government Exhibits 3, 4, 5, and 7.) The existence of the debts is also supported by his

admissions to an authorized investigator from the Office of Personnel Management during an interview on May 10, 2024, and May 22, 2024. (Government Exhibit 2.)

Applicant states that he had issues paying his past-due debts starting about 2022. He and his wife had recently purchased a home in State 1. He accepted a job transfer to State 2. His wife was unemployed at that time, and he was not able to maintain payments for two households. The primary debt issues involve a foreclosure on his State 1 house and a judgment, as further discussed under SOR allegations 1.h and 1.i, below. Those issues also kept him from resolving his other debts. (Tr. 25-27, 74-75.)

1.a. Applicant admitted that he and his wife filed for Chapter 7 bankruptcy relief in 2018. They received a discharge in December 2018. Applicant admitted that he and his wife were financially irresponsible when they were younger. In addition, he was laid off from his primary employment in 2014 and was doing on-call work for two years, which resulted in reduced income. They have not filed bankruptcy since that time and have no intention of filing bankruptcy in the future. This bankruptcy was a singular incident and has no continuing security significance. (Government Exhibit 2 at 4; Tr. 41-47, 75-76.)

The current status of the debts alleged in the SOR is as follows:

1.b. Applicant admitted that he owed a creditor \$799 for a past-due debt. He had two accounts with this creditor. He was able to pay one off, but this account is still due and owing. Applicant plans on paying this debt off in four to six months. This debt is not resolved. (Government Exhibit 7 at 7-8; Tr. 47-48, 73.)

1.c. Applicant admitted that he owed a creditor \$544 for a past-due debt. Applicant plans on paying this debt off in four to six months. This debt is not resolved. (Government Exhibit 7 at 7; Tr. 49.)

1.d. Applicant admitted that he owed a creditor \$292 for a past-due debt. The most recent credit report in the record shows that the debt has been acquired by another lender. Applicant plans on paying this debt off in four to six months. This debt is not resolved. (Government Exhibit 7 at 7; Tr. 50-51.)

1.e. Applicant admitted that he owed a creditor \$167 for a past-due debt. Applicant plans on paying this debt off in four to six months. This debt is not resolved. (Government Exhibit 7 at 8; Tr. 51.)

1.f. Applicant admitted that he owed a creditor \$157 for a past-due debt. Applicant plans on paying this debt off in four to six months. This debt is not resolved. (Government Exhibit 7 at 8; Tr. 51-52.)

1.g. Applicant admitted that he owed a creditor \$544 for a charged-off debt. The most recent credit report in the record shows that the debt has been acquired by another lender. Applicant plans on paying this debt off in four to six months. This debt is not resolved. (Government Exhibit 7 at 7; Tr. 52.)

1.h. Applicant denied that he had a past-due mortgage loan to his house in State 1. The past-due amount was \$112,635. Applicant successfully sold the house and satisfied the loan, which is confirmed by documentation from the mortgage company. This debt is resolved. (Applicant Exhibit A; Applicant Post-Hearing Exhibit E; Tr. 22-40.)

1.i. Applicant admitted owing \$5,685 for a judgment that was entered against him in State 1. This debt was in relation to an apartment he was renting before he bought his house in State 1. Applicant had been saving money to pay that debt and his bank records confirm that it was available in September 2025. Unfortunately, due to unforeseen circumstances concerning his apartment in State 2 that was not the fault of Applicant, his lease was terminated. This is shown by an email from their landlord. The money that was saved had to go towards this completely unexpected move in September and October 2025, which is also shown by his bank records. Applicant still intends to pay this debt as soon as possible. It is not resolved. (Applicant Post-Hearing Exhibit A at 9 and Exhibit B; Tr. 49-50, 53-56.)

Applicant's most recent credit report shows that he had resolved two past-due debts before issuance of the SOR. His financial condition is stable and improving. Applicant and his wife have taken the financial counseling courses that were required by the bankruptcy court and when he was attempting to buy his house. He and his wife use the budgeting tools they learned during the courses. (Government Exhibit 7; Applicant Post-Hearing Exhibits C and F; Tr. 56-64, 71-74.)

Policies

When evaluating an applicant's national security eligibility for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines (AG) list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's national security eligibility.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with the factors listed in AG ¶ 2 describing the adjudicative process. The administrative judge's

overarching adjudicative goal is a fair, impartial, and commonsense decision. The entire process is a conscientious scrutiny of applicable guidelines in the context 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, “Any doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security.” In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to 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, and has the ultimate burden of persuasion as to obtaining a favorable clearance 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 national security eligibility. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified or sensitive information. Finally, as emphasized in Section 7 of Executive Order 10865, “Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See *also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

Analysis

Paragraph 1 (Guideline F, Financial Considerations)

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

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.

AG ¶ 19 describes two conditions that could raise security concerns and may be disqualifying in this case:

- (a) inability to satisfy debts; and
- (c) a history of not meeting financial obligations.

Applicant was alleged to have eight delinquent debts totaling approximately \$120,823 that he had not paid. He also filed for Chapter 7 bankruptcy protection in 2018. AG ¶¶ 19(a) and (c) apply. The burden thereby shifts to Applicant to mitigate the adverse inference of his delinquent debts.

The guideline includes four conditions in AG ¶ 20 that could mitigate the security concerns arising from Applicant's alleged financial difficulties:

- (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, or 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 had financial issues for several years. They were the result of job loss, supporting two households, and admitted poor budgeting and overspending on his part. Applicant was able to sell his house in State 1 and resolve that \$112,635 debt. That reduced his past-due indebtedness to \$8,188. He was prepared to pay the judgment in SOR 1.i when he was forced to move in September 2025. Money that he had saved for that payment instead had to be used for the move. The other unpaid debts total \$2,503. He showed a willingness and ability to resolve all the debts in the near future. His substantial and proven conduct shows that he will continue to resolve his indebtedness in accordance with his plan. AG ¶¶ 20(a), (b), (c), and (d) apply to those debts.

In support of these findings, I cite the Appeal Board's decision in ISCR Case No. 07-06482 at 3 (App. Bd. May 21, 2008) for the proposition that the adjudicative guidelines do not require that an applicant be debt-free. The Board's guidance for adjudications in cases such as this is the following:

. . . an applicant is not required, as a matter of law, to establish that he has paid off each and every debt listed in the SOR. All that is required is that an applicant demonstrate that he has established a plan to resolve his financial problems and taken significant actions to implement that plan. The Judge can reasonably consider the entirety of an applicant's financial situation and his actions in evaluating the extent to which that applicant's plan for the reduction of his outstanding indebtedness is credible and realistic. There is no requirement that a plan provide for payments on all outstanding debts simultaneously. Rather, a reasonable plan (and concomitant conduct) may provide for the payments of such debts one at a time. (Internal citations and quotation marks omitted.)

Based on all of the available evidence, Applicant has mitigated the security concerns of this guideline.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility 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 national security 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 pertinent facts and circumstances surrounding this case. Applicant has fully mitigated the security concerns of his financial conduct. As stated elsewhere in this decision, and supported by the evidence, Applicant is working hard to resolve his financial situation. Such financial difficulties should not occur in the future. His conduct has earned him the privilege of being granted national security eligibility. Paragraph 1 is found for Applicant.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of Enclosure 3 of the Directive, are:

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|--------------------------------|---------------|
| Paragraph 1, Guideline F: | FOR APPLICANT |
| Subparagraphs 1.a through 1.i: | For Applicant |

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant or continue Applicant's national security eligibility for a security clearance. Eligibility for access to classified information is granted.

WILFORD H. ROSS
Administrative Judge