



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



In the matter of:)
)
) ISCR Case No. 25-00215
)
Applicant for Security Clearance)

Appearances

For Government: Alison P. O’Connell, Esq., Department Counsel
For Applicant: *Pro se*

03/19/2026

Decision

BORGSTROM, Eric H., Administrative Judge:

Applicant did not mitigate the security concerns arising from his delinquent debts. Eligibility for access to classified information is denied.

Statement of the Case

On March 5, 2025, the Department of War (DOW) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). The DOW acted 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 DOW on June 8, 2017.

In Applicant’s July 10, 2025 response to the SOR (Answer), he admitted, with explanations, SOR ¶¶ 1.d. and 1.f., and he denied the remaining five alleged debts. He attached four documents to his response, and he requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge. (Answer)

On August 7, 2025, the Government was ready to proceed to a hearing. This case was delayed 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. I was assigned this case on December 17, 2025.

On January 6, 2026, a notice was issued scheduling the hearing for February 5, 2026, by video teleconference. The hearing proceeded as scheduled. The Government proffered six evidentiary exhibits, which I admitted as Government Exhibits (GE) 1 through 6, without objection. Applicant testified and submitted seven exhibits, which I admitted as Applicant Exhibits (AE) A through G, without objection. At Applicant's request, I left the record open until March 9, 2026, to provide him an opportunity to supplement the evidentiary record. DOHA received the hearing transcript (Tr.) on February 17, 2026. On March 9, 2026, Applicant submitted eight additional documents, which I admitted as AE H through O, without objection. The record closed on March 9, 2026.

Amendment to the SOR

On August 4, 2025, pursuant to Paragraph E3.1.13 of the Directive, Department Counsel amended the SOR to add SOR ¶ 1.h., which reads:

h. You are indebted to [Redacted] on a judgment that was entered against you in May 2025, in the approximate amount of \$11,390. As of the date of this Statement of Reasons, the judgment remains unpaid.

In his August 13, 2025 response, Applicant admitted SOR ¶ 1.h. He also provided a narrative explaining why he believed the judgment to be invalid. He attached a motion to invalidate the judgment and some supporting documentation. (Answer to Amendment)

Findings of Fact

Applicant is 33 years old. He earned a bachelor's degree in about August 2020. Since September 2023, he has been employed full time with a DOW contractor, currently as a systems analyst. He has never been married, and he does not have any children. (GE 1; Tr. 25-27)

On April 11, 2024, Applicant completed and certified an Electronic Questionnaire for Investigations Processing (e-QIP). In his e-QIP, he reported that he had been employed as a web developer for a private company from August 2018 until June 2023, when he was laid off. He was unemployed until September 2023. Under Section 26 – Financial Record, he listed the debts alleged in SOR ¶¶ 1.a., 1.b., 1.c., 1.d., 1.f., and 1.g. He claimed that the debts in SOR ¶¶ 1.a., 1.b., 1.c., 1.d., and 1.g. were fraudulent accounts. (GE 1; Tr. 27-29)

On June 18, 2024, Applicant was interviewed by an authorized investigator on behalf of the Office of Personnel Management (OPM). During the interview, he acknowledged six accounts (SOR ¶¶ 1.a.-1.d., 1.f.-1.g.) and expressed his intent to

validate these debts with the creditors. As of the interview, he had not made any payments on the identified accounts. He attributed his delinquent debts to his period of unemployment and potentially fraudulent accounts. He did not specifically identify any accounts as fraudulent. (GE 6)

The SOR alleges financial considerations security concerns arising from eight delinquent debts, totaling approximately \$79,670.

SOR ¶ 1.a. This personal loan was incurred in February 2021, became delinquent in June 2022, and was charged off in September 2022 in the approximate amount of \$27,000. During his OPM interview, Applicant acknowledged this personal loan and explained that he had sent a validation letter to the creditor. On August 1, 2024, the creditor filed a judgment against Applicant in the approximate amount of \$24,584. This case was non-suited on December 17, 2024. At the hearing, he testified that he stopped paying the debt because he wanted the creditor to validate or establish the legitimacy of the debt. He admitted that he had incurred a \$25,000 loan from this creditor and believed he had paid back approximately \$4,000 to 5,000 before stopping payments. He acknowledged that it was a legitimate debt and admitted that he never made any payments after the account was charged off in September 2022. He claimed that he had spoken with the civil court clerk after the non-suit and had been informed that a non-suited judgment would be dismissed with prejudice if not refiled after six months. There is no evidence corroborating Applicant's claims regarding the non-suit. **This debt is not resolved.** (GE 3 at 6, GE 6 at 2; AE A, AE F at 39; Tr. 30-32, 56)

SOR ¶ 1.b. This credit-card account was opened in June 2019, became delinquent in March 2023, and was charged off in November 2023 in the approximate amount of \$17,792. During his OPM interview, Applicant acknowledged having this credit card and expressed his intent to send a letter to the creditor to validate the account. His January 30, 2026 credit report lists this account as charged off in the approximate amount of \$17,792. Although this account had previously been disputed, the credit bureau had completed its investigation and verified the account. Applicant testified that he had stopped payments on this account prior to his unemployment as a method to compel the creditor to validate the debt. He admitted that he had incurred this debt and that he had not made any payments since its delinquency. **This debt is not resolved.** (GE 3 at 3, GE 6 at 2; AE F at 30; Tr. 33-34, 55-56)

SOR ¶ 1.c. This credit-card account was opened in June 2012, became delinquent in January 2023, and was charged off in June 2023 in the approximate amount of \$13,553. During his OPM interview, Applicant admitted this account and had sought to have the creditor validate the debt. He submitted court records showing that this judgment was filed in December 2023 and dismissed on or about February 2024. He testified that he had this credit card and that he had stopped payments on this account prior to his unemployment as a method to compel the creditor to validate the debt. He admitted that he had incurred this debt and that he had not taken any further steps to address or resolve this debt. **This debt is not resolved.** (GE 2, GE 3 at 3, GE 6 at 2; AE B, AE F at 40; Tr. 34, 55-56)

SOR ¶ 1.d. This account was opened in April 2023, became delinquent in August 2023, and was charged off in the approximate amount of \$3,798. Applicant agreed to a settlement in the amount of \$1,899 to be paid in April 2025. He did not adhere to this agreement or to a second agreement established in October 2025. He made payments in February 2025 (\$338), September 2025 (\$300), November 2025 (\$384), January 2026 (\$1,846), and January 2026 (\$1,230). **This debt was settled.** (GE 2 at 15, GE 3 at 4; AE D, AE M; Tr. 35-37, 40-41, 49).

SOR ¶ 1.e. This credit-card account was opened in May 2021, became delinquent as of May 2023, and was charged off in January 2024 in the approximate amount of \$2,579. Applicant's January 30, 2026 credit report lists this account as charged off in the approximate amount of \$2,579. He testified that he had this credit card and that this account became delinquent while he was unemployed. As of the hearing, he had not made any payments on this account, but he intended to use his anticipated income tax refund to resolve this debt. **This debt is not resolved.** (GE 3 at 4; AE F at 27; Tr. 37)

SOR ¶ 1.f. This credit-card account was opened in June 2021, became delinquent in November 2023, and was charged off in April 2024 in the approximate amount of \$2,400. During his OPM interview, Applicant admitted having this credit card and had not initiated any repayments. In May 2025, a judgment was entered against Applicant in the approximate amount of \$2,401. A garnishment order was placed against his wages in July 2025. He testified that the garnishment began in September 2025. As of January 7, 2026, this debt was paid through garnishment, and the judgment was released. **This debt is resolved.** (GE 3 at 4, GE 4, GE 6 at 2; AE E, AE F at 34, AE N; Tr. 38-39, 49)

SOR ¶ 1.g. This account was opened in February 2021 and was charged off in December 2021 in the approximate amount of \$1,789. In February 2025, Applicant settled this account for \$701, and \$1,168 was written off by the creditor. He admitted this debt at the hearing. **This debt was settled.** (GE 2 at 12-13, GE 3 at 5; AE C, AE F at 22, AE O; Tr. 41-43, 49)

SOR ¶ 1.h. Applicant testified that this debt was a student loan that became delinquent. In May 2025, a default judgment was entered against Applicant in the approximate amount of \$11,380. As of the hearing, he admitted the judgment but had not taken any steps to establish a payment plan or make payments. **This debt is not resolved.** (GE 5; Tr. 43-44)

At the hearing, Applicant testified that he had stopped paying on the debts in SOR ¶¶ 1.a., 1.b., and 1.c. because he wanted the creditors to validate the debts. These financial delinquencies were unrelated to his unemployment. (Tr. 55-56)

In his post-hearing statement, Applicant explained that his financial problems escalated in early 2022 as he became "financially overextended." He relied on revolving credit and missed payments beginning in May 2022. In June 2023, he was laid off. After he obtained gainful employment in September 2023, his finances began to stabilize. In his statement, he clarified why he stopped payments on several of the alleged accounts.

He explained that he had believed in 2022 and 2023 that stopping payments while pursuing disputes with the creditors would hasten the resolution of any disputes; however, he now understood that this course of action was not financially prudent or responsible. He now seeks structured repayment plans with his creditors, maintains disciplined budgeting, and resolves debts proactively. As of his statement, he had settled two debts, paid one debt through garnishment, and claimed a fourth debt (SOR ¶ 1.a.) was “dismissed with prejudice.” He acknowledged the four other accounts and included his “structured repayment plan”; however, there is no evidence that any of the creditors have agreed to his plan. (AE H, AE J)

In mid-2025, Applicant completed an online financial counseling course that introduced him to the “snowball” plan. He testified that he has adopted the “snowball” debt-resolution plan by addressing his smaller balances first and then addressing the larger balances. His structured plan has him first addressing the debt in SOR ¶ 1.e and then SOR ¶ 1.c. (Tr. 44-45, 49-52, 58)

With his January 10, 2025 response to interrogatories, Applicant included a Personal Financial Statement that listed his monthly income as approximately \$5,611, his monthly expenses as approximately \$3,850, and his monthly net remainder as approximately \$1,761. As of the hearing, he had approximately \$500 in his savings account. With his post-hearing submissions, Applicant updated his monthly budget to reflect \$5,200 in income, \$3,790 in expenses, and a net remainder of approximately \$1,410. (GE 2; AE K, AE L; Tr. 49)

Policies

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(a), 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 sensitive 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 sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive 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. The following are potentially applicable in this case:

AG ¶ 19(a) inability to satisfy debts; and

AG ¶ 19(c) a history of not meeting financial obligations.

Applicant's admissions and the documentary evidence establish his eight delinquent debts totaling nearly \$80,000. These accounts became delinquent between December 2021 and about May 2023. AG ¶¶ 19(a) and 19(c) apply.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable in this case:

(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;

(d) the individual has 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.

Applicant bears the burdens of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his or her debt-resolution efforts or required to be debt-free. "Rather, all that is required is that an applicant act responsibly given his circumstances and develop a reasonable plan for repayment, accompanied by 'concomitant conduct,' that is, actions which evidence a serious intent to effectuate the plan." ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017). See, e.g., ISCR Case No. 13-00987 at 3, n.5 (App. Bd. Aug. 14, 2014).

As of the close of the record, five debts (SOR ¶¶ 1.a.-1.c., 1.e., and 1.h.) remain unresolved. Applicant's financial delinquencies are ongoing. AG ¶ 20(a) does not apply.

Applicant admitted that he became financially overextended in 2022 and began to rely heavily on credit cards. Prior to his unemployment in mid-2023, he intentionally stopped making payments on multiple accounts (SOR ¶¶ 1.a.-1.c.) to compel the creditors to validate the debts. He did not provide any documentary evidence showing his efforts to validate the debts with his creditors. He did not – in his e-QIP, during his OPM interview,

in his Answer, or at hearing – adequately explain why he sought to validate debts that he admitted he had incurred.

Applicant's period of unemployment did exacerbate his financial problems. Since September 2023, he has been gainfully employed; however, he did not take any steps to address and make payments until February 2025. Prior to the issuance of the SOR, Applicant's only debt-resolution efforts were his February 2025 settlement payment of SOR ¶ 1.g. and one February 2025 payment on SOR ¶ 1.d. After the issuance of the SOR, he made two payments on and then settled SOR ¶ 1.d. and his wages were garnished for SOR ¶ 1.f. In his post-hearing submissions, he diagrammed his "structured repayment plan," but he had not made any further payments nor established payment plans with the creditors. Although circumstances beyond Applicant's control (his unemployment) contributed, in part, to his financial problems, he has not demonstrated that he acted responsibly to address and resolve his delinquent accounts. AG ¶ 20(b) does not apply.

In mid-2025, Applicant completed an online financial counseling course, from which he implemented his "snowball" plan to address the smaller debts first. Although he has only recently implemented this plan, he is making progress on his delinquent accounts. AG ¶ 20(c) partially applies.

Applicant's efforts to validate debts that he admittedly incurred is not a substitute for good-faith efforts to address and resolve his delinquent accounts. In his post-hearing statement, he acknowledged his "validation" tactic was misguided though not in bad faith. That said, he still clings to the premise that the judgment in SOR ¶ 1.a. was dismissed with prejudice, despite having admitted that he had incurred the debt and that it was legitimate. He has not provided a reasonable basis to dispute this debt. The DOHA Appeal Board has addressed reliance upon the premise that a debt is uncollectable due to statutes of limitations or other state law:

[A] security clearance adjudication is not a proceeding aimed at collecting an applicant's personal debts. Rather, it is a proceeding aimed at evaluating an applicant's judgment, reliability, and trustworthiness. Accordingly, even if a delinquent debt is legally unenforceable under state law, has been discharged in a bankruptcy, or is paid, the Federal Government is entitled to consider the facts and circumstances surrounding an applicant's conduct in incurring and failing to satisfy the debt in a timely manner. *See, e.g.*, ISCR Case No. 01-09691 at 3 (App. Bd. Mar. 27, 2003). In this case, the Judge's consideration of the unenforceable debt in making her security clearance eligibility determination was not arbitrary, capricious, or contrary to law.

ISCR Case No. 15-02326 at 3 (App. Bd. Oct. 14, 2014). The Appeal Board has "held that reliance on a state's statute of limitations does not constitute a good-faith effort to resolve financial difficulties and is of limited mitigative value." ISCR Case No. 15-01208 at 3 (App. Bd. Aug. 26, 2016) (citing ADP Case No. 06-18900 at 5 (App. Bd. Jun. 6, 2008)); ISCR

Case No. 03-04779 at 4 (App. Bd. Jul. 20, 2005); ISCR Case No. 01-09691 at 2-3 (App. Bd. Mar. 27, 2003).

Applicant settled two accounts (SOR ¶¶ 1.d. and 1.g.) in February 2025. AG ¶ 20(d) applies to these two debts. AG ¶ 20(d) does not apply to the resolution of SOR ¶ 1.f. through an involuntary garnishment.

Applicant credibly testified that he understands his financial obligations and intends to adhere to his “structured repayment plan.” He only recently implemented this debt-resolution plan, and he has not established a track record of adhering to such a plan. In fact, in 2025, he twice failed to adhere to his repayment plans for SOR ¶ 1.d. Concerns also remain regarding his avoidance of financial responsibility for SOR ¶ 1.a. He admitted that he incurred the debt and did not repay the debt; however, he clings to his contention that the judgment was dismissed with prejudice. Even if so, he has not acted responsibly as to SOR ¶ 1.a. He did not mitigate the financial considerations security concerns.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant’s eligibility for access to classified information 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 and the factors in AG ¶ 2(d) in this whole-person analysis.

Applicant credibly testified about his plan to address and resolve his financial delinquencies, and he has developed a “structured repayment plan” to achieve this result. However, as of the close of the record, he has not established a track record of adhering to his repayment plan. He also continues to dispute and does not appear to intend to repay the debt in SOR ¶ 1.a. He did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

This decision should not be construed as a determination that Applicant cannot obtain a security clearance in the future. With a track record of payments in accordance with his repayment plan and actions to resolve SOR ¶ 1.a., he may overcome the aforementioned concerns.

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.c.:	Against Applicant
Subparagraph 1.d.:	For Applicant
Subparagraphs 1.e.-1.f.:	Against Applicant
Subparagraph 1.g.:	For Applicant
Subparagraph 1.h.:	Against Applicant

Conclusion

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

Eric H. Borgstrom
Administrative Judge