



DEPARTMENT OF WAR
DEFENSE OFFICE OF HEARINGS AND APPEALS



In the matter of:)
)
) ISCR Case No. 25-01095
)
Applicant for Security Clearance)

Appearances

For Government: Lauren A. Shure, Esq., Department Counsel
For Applicant: *Pro se*

04/22/2026

Decision

HALE Charles C., Administrative Judge:

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

Statement of the Case

Applicant submitted a security clearance application (SCA) on May 5, 2025. On August 20, 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), which became effective on June 8, 2017.

Applicant answered the SOR in October of 2025 and requested a hearing before an administrative judge. Department Counsel was ready to proceed on December 2, 2025. The case was assigned to me on February 2, 2026. On February 11, 2026, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled to be conducted March 31, 2026. I convened the hearing as scheduled. Government Exhibits (GE) 1 through 5 and Applicant Exhibits (AE) A through V were admitted in evidence without objection. Applicant testified.

I kept the record open until April 21, 2026, to enable him to present additional documentary evidence. He timely submitted AE W through KK, which were admitted without objection. DOHA received the transcript on April 13, 2026.

Findings of Fact

In Applicant's answer to the SOR, he admitted SOR ¶ 1.c and denied the other allegations in the SOR with explanations. He acknowledges that all the debts were his and were delinquent at the time the SOR was issued. (Tr. 35.) His admissions are incorporated in my findings of fact.

Applicant is a 34-year-old employee of a defense contractor for the past 10 months. Prior to working for the defense contractor, he worked for a major retailer as a customer service manager for over ten years. As of the hearing, he was engaged and had two children with his fiancée, a 2-year-old and a 4-month-old. He owns a property with his mother and he and his fiancée have also purchased property in a neighboring jurisdiction. He and his fiancée share their finances. She has been out of the workplace since the birth of their second child. He received his bachelor's degree in 2013. He earned a master's degree in business administration in 2018. (GE 1; Tr. 23-26, 34-35.)

Applicant received a security clearance in 2009 while working for a federal agency. He was interviewed by an investigator concerning his SCA in May of 2025. He acknowledged that he started making payments on debts alleged in SOR ¶ 1.b and SOR ¶ 1.c after the SOR was issued in August 2025. (Tr. 63-64.) He cited medical issues for his mother and a change in jobs as primary reasons he fell behind on his finances. He also mentioned a situation concerning his father as contributing to his financial issues. (GE 5; Answer.)

In his Answer he acknowledged the reason for his debts was "mismanagement during a period of hardship." He listed both parents experiencing major health challenges, which placed financial and emotional stress on him. Additionally, he cited his fiancée's two pregnancies including medical complications in 2023 and 2024, which prevented her from working full-time and resulted in reduced household income. (Answer.) Applicant's fiancée has since recovered fully and returned to work at 100% pay. He took a new career position for long-term stability, completed two financial training courses ("Better Budgeting" and "Fit Finances"), and paid off his car loan to free monthly capital for debt repayment. (Tr. 53-55; AE AA.)

Applicant's mother was diagnosed with cancer in 2020. He had to drive her for treatment in a neighboring city. He also purchased various medicines from wholistic providers to help with her treatment. She was also limited in her ability to work because of the cancer. He helped her financially but could not put a "dollar amount" on the help. Her situation caused him stress, and he lost focus on his finances. (Tr. 30-32, 74-75.)

Applicant left his position with the retailer voluntarily. He took a pay cut. He stated he was one of the top prospects for promotions and had a promotion every year he had

been with the retailer. Having children caused him to reassess his situation and look for a change to achieve a better balance in his life. (27, 73-74.) He stated:

[H]aving children forced me to value work/life balance a lot more, especially when you're a manager over 30 people, you're almost a parent in a sense. So, even when you're off the clock, your phone, Teams, is constantly buzzing. So, I chose to do a single contributor job so that I can only be a father to my kids. Like I don't have the burden of hoping the business is running well, escalated customer issues. Like I said, the experience was good, but at some point, I had to grow up and do something a little more -- something with a little more predictability. (Tr. 74.)

Applicant took some foreign travel as a tourist while these debts were delinquent. He estimated the cost to be around \$1,000 for a trip. (GE 1; Tr. 65-67.) In response to the question why these trips should not be considered a concern he stated:

So, for me, it's the trips aren't just trips, there are times -- they're actually like therapy for me. People that I've known since I've been five who are maybe in similar situations or have had children, we literally travel, relax, and we have a lot of mental strengthening conversations, which I believe helps me and it's helped get me to the point that I am at now, if that answers the question. (Tr. 73.)

He was taking financial courses through his current employer. He has one certificate and is working on other modules. As a result, he and his fiancée have started a monthly expense chart. He paid off his car note in 2025 and had sufficient savings to address costly repairs after an accident. (Tr. 54-55, 58, 71; AE V, AE AA; GE 4.)

The SOR alleges eleven delinquent debts. The evidence related to these debts is summarized below.

SOR ¶ 1.a: delinquent credit-card account charged off for \$11,403. Applicant denied the allegation on the basis that the account had been settled and was being repaid under a payment plan that he started in September of 2025. The payment plan started with eleven \$100 payments, followed by eleven payments of \$185.84, concluding in August 2027. He included a proof of settlement and payments with his Answer. (Answer; AE A.) Consistent with his Answer he testified he had arranged a payment plan in September of 2025; that the debt would be resolved by mid-2027; and that he was currently paying \$100 each month, which would change to a higher amount. (Tr. 37-39, 41.) He included evidence of continued payments through February 2026 in his post-hearing exhibits. (AE II.) This debt is being resolved.

SOR ¶ 1.b: delinquent credit-card account charged off for \$10,489. Applicant denied the account was delinquent because there was settlement plan in place where he agreed to monthly payments of \$231.58 through July 2026. He included evidence of payments to the creditor in July, August, and September of 2025, as well as a July 2025

letter from the creditor stating he had authorized monthly payments for \$231.58 starting in September of 2025 for each month until June of 2026. (AE B.) His testimony was consistent with his Answer and the evidence he submitted. (Tr. 39-41.) This debt is being resolved.

SOR ¶ 1.c: delinquent retailer credit-card account charged off for \$6,881.

Applicant admit the debt “is valid” and that he is currently making payments based on a payment plan that was established in October of 2025. He paid \$100 starting in October of 2025. (Answer; AE C.) He testified he worked for the retailer that held the credit card. He was told the account had not been charged off, that he was allowed to establish a payment plan and made payments from October 2025 to December 2025, and that he would have to set up a new plan for 2026. He provided statements showing his 2025 payments. When he attempted to establish the 2026 payments, he was told the debt had been charged off. There was an issue with the debt because the retailer accepted payments after the debt had been closed. (Tr. 43-49; AE C.) This debt is being resolved.

SOR ¶¶ 1.d through 1.k: student-loan accounts: past due for \$387, with a balance of \$3,108; past due for \$381, with a balance of \$3,056; past due for \$331, with a balance of \$2,598; past due for \$273, with a balance of \$2,097; past due for \$233, with a balance of \$1,745; past due for \$220, with a balance of \$1,646; past due for \$209, with a balance of \$1,569; and past due for \$207, with a balance of \$1,549.

Applicant denied these debts on the basis they were now deferred and listed as in good standing. He blamed the changes on those who held the debt. He had been on an automated payment plan and did not keep up with changes and as a result the accounts became delinquent. He plans to address them once he resolves the debt alleged in SOR ¶ 1.b. His deferment ends in July of 2026, and he expects to start payments then but does not know what his payment will be. He estimated it will be around \$300 and his \$230 payments on the SOR ¶ 1.b debt will end at that same time, which should enable him to make this new monthly payment. He did not participate in any COVID relief student loan programs. (Tr. 49-53, 68; AE B.) These debts are being resolved.

Applicant supported his testimony in his post-hearing submissions, AE W-KK. Consistent with his testimony, Applicant offered evidence of his outstanding work performance, and his current manager noted his exemplary work ethic and professionalism. A colleague from his prior retail position described him as a person of integrity who over their ten years had demonstrated “a strong and authentic moral compass.” (Tr. 81; AE W-X, BB, EE.) He also offered character letters from friends going back many years. All talked of his character, professionalism, and work ethic. In his testimony he described his financial situation now as in “good shape” and to insure he did not have further issues he withdrew funds from his 401K to cover additional expenses, like the car accident. (AE CC-DD, FF, KK; Tr. 53, 58, 60.)

Applicant responded to a question about why he believes he acted responsibly with respect to the SOR debts by stating:

I believe I acted responsibly because, once I realized that it was an issue on my part, I jumped straight into action. I do understand the value of paying what you owe, having integrity in everything that you do, because, in my eyes, morals are worth more than money. So, being a person of your word and instilling those connections mean a lot to me. So, being able to reach out to each debt collector, to reach out to [creditor], to get everything in order shows my dedication to it and that I'm willing to stay honorable within everything that I do. (Tr. 77.)

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* at 531. Substantial evidence is "such relevant evidence as a reasonable mind might accept as adequate to

support a conclusion in light of all the contrary evidence in the same record.” See ISCR Case No. 17-04166 at 3 (App. Bd. Mar. 21, 2019). It is “less than the weight of the evidence, and the possibility of drawing two inconsistent conclusions from the evidence does not prevent [a Judge’s] finding from being supported by substantial evidence.” *Consolo v. Federal Maritime Comm’n*, 383 U.S. 607, 620 (1966). “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. 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* 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. . . .

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 evidence submitted at the hearing establish the following disqualifying conditions under this guideline:

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

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

The following mitigating conditions are potentially applicable:

AG ¶ 20(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;

AG ¶ 20(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;

AG ¶ 20(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

AG ¶ 20(d): the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

AG ¶¶ 20(a) through 20(d) are established. Applicant's delinquent debts are recent and frequent, but they occurred under circumstances making them unlikely to recur. While he has acted responsibly by taking financial classes, contacting his creditors, resolving several debts, and arranging to resolve as many debts as possible the timing of his actions does raise a question that could undermine his mitigation.

In ISCR Case No. 24-01994 at 2 (App. Bd. Aug. 12, 2025), the Appeal Board stated:

It is well-settled that the timing of debt resolution efforts is an important factor in evaluating mitigation "because an applicant who begins to resolve financial problems only after being placed on notice that his clearance was in jeopardy may lack the judgment and self-discipline to follow rules and regulations over time or when there is no immediate threat to his own interests." ISCR Case No. 15-06440 at 4 (App. Bd. Dec. 26, 2017). Moreover, until an applicant has a "meaningful financial track record," it cannot be said "that he has initiated a good-faith effort to repay overdue creditors or otherwise resolve debts." ISCR Case No. 01-21386 at 2 (App. Bd. Jun. 11, 2003).

Applicant does not present a perfect case in mitigation, but perfection is not required. He understands that failing to follow through on resolving his debts will ultimately result in his security clearance being revoked at some point. Under the circumstances of this case, I find that his finances no longer generate questions about his judgment,

reliability, trustworthiness, and ability to protect classified information. Security concerns about his finances are mitigated.

Whole-Person Analysis

Under AG ¶ 2(c), the ultimate determination of whether to grant a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. An administrative judge must evaluate an applicant's security eligibility by considering the totality of the applicant's conduct and all the 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). I have considered that he has held a security clearance during federal employment, apparently without incident. His current employment is contingent on having a clearance. He was sincere, candid, and credible at the hearing and his character evidence supported this observation. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude he has carried his burden of showing that it is clearly consistent with the national interest to grant him eligibility for access to classified information.

Formal Findings

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

Paragraph 1, Guideline F (Financial Considerations): FOR APPLICANT

Subparagraphs 1.a-1k:

For Applicant

Conclusion

I conclude that it is clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is granted.

Charles C. Hale
Administrative Judge