



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



In the matter of:)	
)	
)	ISCR Case No. 24-02456
)	
Applicant for Security Clearance)	

Appearances

For Government: Rhett Petcher, Esquire, Department Counsel
For Applicant: Samir Nakhleh, Esq.

04/29/2026

Decision

HOGAN, Erin C., Administrative Judge:

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

Statement of the Case

On April 11, 2017, Applicant completed and signed an Electronic Questionnaires for Investigations Processing (e-QIP). (Government Exhibit (GE) 1) On April 22, 2022, the Department of War (DOW) (at the time Department of Defense) conducted a Continuing Evaluation (CE) report on Applicant. On April 3, 2025, the Defense Counterintelligence and Security Agency (DCSA) 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; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective on June 8, 2017.

On April 10, 2025, Applicant answered the SOR and requested a hearing before an administrative judge. The Government issued an amended SOR on July 1, 2025. The

case was assigned to me on December 17, 2025. On January 21, 2026, a Notice of Hearing was issued scheduling the hearing on February 12, 2026. The hearing was held as scheduled, via video-teleconference. During the hearing, the Government offered six exhibits, which were admitted as GE 1 – 6, without objection. Applicant testified and offered three exhibits, which were marked as Applicant Exhibits (AE) A – C and admitted without objection. The record was held open until February 26, 2026, to allow Applicant to submit additional documents. He timely provided eight documents which were marked as AE D - K and admitted without objection. The transcript (Tr.) was received on February 27, 2026. The record closed on that date.

Findings of Fact

In response to the SOR, Applicant admitted all of the allegations in the SOR and admitted to the sole allegation of the Amended SOR during the hearing. His admissions are accepted as findings of fact. Additional findings follow.

Applicant is a 30-year-old employee of a DOW contractor seeking to maintain a security clearance. He has worked for his current employer since September 2024. He previously served on active duty in the U.S. Air Force from May 2017 to June 2024. He separated with an honorable discharge. He has held a security clearance since 2017 without incident. His highest level of education is high school. He has several trade certifications and intends to take some college courses in September 2026. He married his wife, a foreign national, two years ago. They have a two-year-old son. He currently lives overseas. (Tr. 14-17, 30; GE 1; AE A)

The names of individuals, businesses, and institutions have been changed in this decision in the interests of protecting the Applicant's privacy. More detailed information is in the case file.

Financial Considerations

Applicant's SOR and amended SOR allege four delinquent debts, a total amount of approximately \$20,843. The debts include: an \$8,682 delinquent consolidation loan that was charged off in March 2020 (SOR ¶ 1.a: GE 2 at 2; GE 3 at 2, 37-39; GE 5 at 2; GE 6 at 1); a \$7,396 delinquent credit card account that was charged off in March 2022 (SOR ¶ 1.b: GE 2 at 2; GE 3 at 2, 21-24; GE 5 at 2; GE 6 at 2); a \$3,647 delinquent credit card account that was charged off in March 2022 (SOR ¶ 1.c: GE 2 at 2; GE 3 at 2, 17-20; GE 5 at 2; GE 6 at 2); and a \$1,118 delinquent account that was charged off in February 2024 (SOR ¶ 1.d: GE 6 at 1).

On June 3, 2022, Applicant responded to the CE report dated April 22, 2022. He said that a large portion of his debt was incurred before he joined the military. After joining the military, he was in a no-fault car accident which caused significant damage to his car. For unknown reasons, his insurance company denied coverage for repairing the car. He was responsible for the cost of the car repairs. He used the credit card alleged in SOR ¶ 1.b for the car repairs and a rental car. (Tr. 18-22, 38-39; GE 3 at 1)

Prior to his permanent change of station overseas in May 2021, he gave his friend the power of attorney to drop his car off at the port for shipping overseas because he did not have time to do it before he left. His friend or his friend's girlfriend ended up driving his car around and the car was totaled in an accident. Applicant did not discover that the car was totaled until his father contacted him about it. His father was a co-signer on the car loan, and he received a letter from the car lot asking about what to do with the car. Insurance covered this accident. While he waited for the insurance settlement, Applicant paid approximately \$600 a month for a rental car. The insurance company sent the check to his father who held onto it for months. He and his father do not have the best relationship. After several months, his father agreed to send him the insurance payout of \$11,533. (Tr. 39-40; GE 3)

Although Applicant mentioned in his June 2022 response to the CE report that he would apply a portion of the \$11,533 insurance payout towards his delinquent debts, he used the money to buy a car. He needed a car to drive to work. He lives about 30 minutes away from his workplace. He also mentioned in his response to the CE report that he was attempting to contact all the creditors alleged in the CE report. He was having difficulty contacting the creditor of the \$3,647 debt which is alleged in SOR ¶ 1.c. He indicated that he was in the process of negotiating lower pay-off amounts for the \$8,682 debt alleged in SOR ¶ 1.a and for the \$7,396 debt alleged in SOR ¶ 1.b. He provided proof that he paid a \$392 delinquent cable television account that was also listed in the April 2022 CE report but not alleged in the SOR. (GE 2, GE 3)

In May 2022, Applicant attended a financial counseling session with Mr. R.M., a personal financial counselor at his base. Applicant was an active-duty senior airman when he attended financial counseling. Mr. R.M. helped him set up a new budget, taught him how to use an on-line budgeting application, and advised him on ways to save money and prepare for the future. Applicant is working on paying off his debts and increasing his savings account. He mentioned in his June 2022 response to the CE Report that if he is unable to negotiate his debts by the end of the month that he will be contacting a debt consolidation company with help resolving his delinquent accounts. He was budgeting for monthly payments of \$600 a month towards his remaining debt and applying a portion of the \$11,533 insurance settlement. (GE 3 at 1-4)

In his response to the SOR, dated April 10, 2025, Applicant indicated that he had entered into a debt-resolution program with Company A on April 8, 2025. The debts alleged in SOR ¶¶ 1.a and 1.c were included in the program. During the hearing, Applicant mentioned that he intends to enter the debt alleged in SOR ¶ 1.b in the debt-resolution program with Company A at some point. He agreed to make 36 payments of \$302 a month towards the program. (AE B) The \$3,647 debt alleged in SOR ¶ 1.c was the first negotiated settlement by Company A. Beginning on May 15, 2025, Applicant agreed to monthly payments of \$68.38 through April 15, 2027. (AE B; AE C) He provided proof that he made the monthly payments from May 2025 to January 2026. (AE E)

During the hearing, Applicant testified that he had financial problems before enlisting in the Air Force. He had an expensive dental procedure that cost about \$3,000

to \$4,000, which he had to pay out of pocket. In about 2018 or 2019, he was involved in a car accident while he was serving at an Air Force base located in the U.S. (The record is unclear about the year of the car accident. It will be referred to as occurring in 2018.) He filed an insurance claim but his insurance company denied the claim. He did not appeal the denial of the insurance claim. He was responsible for the repairs to the car which cost around \$6,000, and he also paid \$900 a month for a rental car during the two months the car was being repaired. He used the credit card that is alleged in SOR ¶ 1.b to pay for the car repairs. (Tr. 18-22, 37-39, 42)

Before his car accident, he was having financial issues and took out a consolidation loan which is the \$8,682 debt alleged in SOR ¶ 1.a. He stopped making payments on this debt a few months after his 2018 car accident. (Tr. 42)

Applicant currently earns between 3200 to 3400 Euros per month. In December 2025, the Department of Veterans Affairs (VA) awarded him service-connected disability compensation of approximately \$2,700 (USD) a month. (AE D) His total net monthly income is about \$5,900. His wife is a kindergarten teacher. She earns 2700 Euros per month. At the time of the hearing, she was on parenting time and only received 30% of her paycheck. She was scheduled to return to work full time in April 2026 and it is likely that she is now back working full time. Applicant testified that his wife taught him about finances, and his financial situation has improved. He gives her about \$500 a month to put in savings. They have over \$17,000 in savings and hope to buy a house this year. Last year, they purchased a new car in cash for \$30,000. He paid \$15,000 and his wife paid \$15,000. He purchased the car in cash because he could not qualify for a loan. (Tr. 26-37, 56)

Whole-Person Evidence

Ms. M.E., a representative from Applicant's current employer, wrote a letter on his behalf. She states that he is committed to ethical practices and transparency in every task he works on. He has fostered a culture of trust and respect among his colleagues. He takes ownership for his responsibilities and ensures all operations are executed efficiently. He meets deadlines and delivers high-quality results which contribute to the success of the mission. He actively seeks feedback, is open to learning, and is an example for his peers. Applicant's integrity, accountability, and exceptional job performance make him an invaluable asset to his team. (AE F)

While on active duty, Applicant received the "Crew Chief Excellence Award" and the "QA Honor Roll Award" in the first quarter of 2024. (AE I; AE J) He received an Honorable Discharge in June 2024 and separated as a senior airman. During his service, his awards and decorations included the Meritorious Unit Award, Air and Space Outstanding Unit Award; AF Good Conduct Medal with One Oak Leaf Cluster, National Defense Service Medal, Global War on Terrorism Service Medal, Humanitarian Service Medal, Air and Space Longevity Service Award, USAF NCO PME Graduate Ribbon, Small Arms Expert Marksmanship Ribbon (Rifle), and Air and Space Training Ribbon. (AE K)

Policies

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, “no 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, *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 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 § 7. Thus, a decision to deny a security clearance should not be construed to suggest that it is based, in whole or in part, on any express or implied determination about an applicant’s allegiance, loyalty, or patriotism. It is merely an indication the applicant has not met the strict guidelines the President, Secretary of Defense, and Director of National Intelligence 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. 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 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

Guideline F, Financial Considerations

AG ¶ 18 expresses the security concern for financial considerations:

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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable in this case:

- (a) inability to satisfy debts; and

- (c) a history of not meeting financial obligations.

Applicant has a history of financial problems, as indicated by the four alleged SOR debts which totaled over \$20,000. The debts were incurred either just prior to or after his enlistment in the U.S. Air Force, when Applicant was in his early 20s and was unable to satisfy these debts. AG ¶¶ 19(a) and 19(c) are applicable.

The guideline also includes conditions that could mitigate security concerns arising from financial difficulties. I have considered all the mitigating conditions under AG ¶ 20 and the following potentially apply:

(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; and

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

AG ¶ 20(b) applies. Circumstances beyond his control contributed to Applicant's financial problems in his early 20s. Before his enlistment in the Air Force, he had major dental work that cost him \$4,000. He was involved in a no-fault car accident in 2018. The insurance company denied his claim, and he was responsible for the costs of repairing the car as well as paying for a rental vehicle. When he transferred to a base overseas, he gave his friend a POA to have him drop the car off at the port to be shipped overseas. Instead, his friend and his friend's girlfriend drove it around and ended up totaling the car. This resulted in Applicant having to pay \$600 a month for a rental car while he was waiting for the insurance money. While Applicant could have started to resolve his delinquent debts earlier, I find that he acted responsibly under the circumstances. The funds earned while a junior enlisted airman likely were not sufficient to resolve his debts. After he separated and was hired as a contractor his financial situation became more stable. In 2025, the VA awarded him disability income which greatly helped his financial situation. Looking at the big picture, he acted responsibly under the circumstances.

AG ¶ 20(c) partially applies. Applicant attended financial counseling on base prior to his separation from active duty. The problem is starting to be resolved.

AG ¶ 20(d) partially applies. Applicant entered into a debt-resolution agreement with Company A in April 2025. He resolved a \$392 delinquent cable bill that was listed in the CE report but not alleged in the SOR. In January 2026, he paid the \$1,285 debt alleged in SOR ¶ 1.d on his own accord. He is routinely making payments towards the settlement of the debt alleged SOR ¶ 1.c, which is included in the debt-resolution plan with Company A. The debt alleged in SOR ¶ 1.a is the next debt to be settled in the plan, and he intends to include the debt alleged in SOR ¶ 1.b in the debt-resolution plan as well. He has a plan in place to resolve his delinquent debts. He also has the option to resolve several of his debts from the \$17,000 he put aside for savings.

Applicants have the burden 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). Applicant has developed a reasonable plan to resolve his financial problems under his current circumstances. Overall, Applicant met his burden of proof to mitigate the concerns raised under financial considerations.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an Applicant's eligibility for a security clearance by considering the totality of the Applicant's conduct and all the 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), "[t]he ultimate determination" of whether to grant a security clearance "must be an overall commonsense judgment based upon careful consideration of the guidelines, each of which is to be evaluated in the context of the whole-person." My comments under Guideline F are incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under those guidelines but some warrant additional comment.

I considered Applicant has worked for his current employer since September 2024 and his employer speaks highly of his character and duty performance. I considered his honorable service in the U.S. Air Force. He married in 2022, and he and his wife have a two-year-old child. His two largest debts were incurred either just before or shortly after he enlisted in the Air Force. The 2018 car accident was a circumstance beyond his control as well as having his car totaled by his friend who chose to drive it around rather than dropping it off at the port to be shipped overseas. The SOR only alleged four delinquent accounts. Two of the debts have high balances. Applicant paid off two debts with lower balances. One was paid off before the SOR was issued and the other debt (SOR ¶ 1.d) was resolved in January 2026. He attempted to resolve the remaining delinquent debts on his own, but the creditors would not negotiate with him. Two of the debts are included in his debt resolution agreement with Company A. He is paying on one of the debts (SOR ¶ 1.c) and is waiting for Company A to negotiate a settlement with the other creditor (SOR ¶ 1.a). He intends to add the remaining debt (SOR ¶ 1.b) into the Company A debt-resolution agreement in the near future. While Applicant has over \$17,000 in savings, he has a wife and young child to support, and it is reasonable to have some savings. While one could argue that he could apply some of the savings towards his past delinquent

debts, he has a plan in place to resolve his delinquent debts. The security concerns raised under Financial Considerations are mitigated. Applicant is warned that should he not follow through with his stated intent to resolve the remaining delinquent accounts, additional security concerns may arise related to his failure to pay his financial obligations.

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: FOR APPLICANT

Subparagraphs 1.a – 1.d: For Applicant

Conclusion

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

Erin C. Hogan
Administrative Judge