



**DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:)
)
) ISCR Case No. 25-00523
)
Applicant for Security Clearance)

Appearances

For Government: Karen A. Moreno-Sayles, Esq., Department Counsel
For Applicant: *Pro se*

05/22/2026

Decision

HARVEY, Mark, Administrative Judge:

Guideline F (financial considerations) security concerns are not mitigated. Eligibility for access to classified information is denied.

Statement of the Case

On February 20, 2024, Applicant completed an Electronic Questionnaire for Investigations Processing (e-QIP) or security clearance application (SCA). (Government Exhibit (GE) 1) On August 13, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a statement of reasons (SOR) to Applicant under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960); Department of Defense (DoD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive) (January 2, 1992), as amended; and Security Executive Agent Directive 4, establishing in Appendix A, the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AGs), effective June 8, 2017. (Hearing Exhibit (HE) 1)

The SOR detailed reasons why DCSA did not find under the Directive that it is clearly consistent with the interests of national security to grant or continue a security clearance for Applicant and stated his case would be submitted to an Administrative

Judge for a determination as to whether to grant, deny, or revoke his security clearance. Specifically, the SOR set forth security concerns arising under Guideline F. (HE 1) On October 5, 2025, Applicant responded to the SOR. (HE 2) On January 6, 2026, Department Counsel was ready to proceed. On January 14, 2026, the case was assigned to me. On January 30, 2026, DOHA issued a notice scheduling the hearing for March 6, 2026. (HE 3) The hearing was held as scheduled, using the Microsoft Teams video teleconference system.

During the hearing, Department Counsel offered six exhibits; Applicant did not provide any exhibits; and all proffered exhibits were admitted into evidence without objection. (Tr. 12, 16-18; GE 1-GE 6) On March 27, 2026, DOHA received a copy of the transcript. Applicant provided one post-hearing exhibit, which was admitted into evidence. (Applicant Exhibit (AE) A (four pages)) The record closed on May 6, 2026. (Tr. 61-62, 69)

Some details were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits and transcript.

Findings of Fact

In Applicant's SOR response, he admitted the allegations in SOR ¶¶ 1.a through 1.t. (HE 2) He also provided extenuating and mitigating information. His admissions are accepted as findings of fact.

Applicant is a 31-year-old materials handler, and he has been employed by a Department of War (DoW) contractor since February of 2024. (Tr. 7-8, 29; GE 1) He had about one month of unemployment before working for the DoW contractor. (Tr. 8) He was employed for about two years in warehouse services; his salary was \$17.65 an hour; and his annual income was about \$35,000. (Tr. 8, 29-30) From 2017 to 2022, he worked for multiple companies in warehouse services. (Tr. 30-31) He is working on earning a General Educational Development (GED) diploma. (Tr. 7) He has not attended college, and he has not served in the military. (Tr. 8)

From 2014 until 2019, Applicant lived with his girlfriend's family, which consisted of his girlfriend, her sister, her sister's fiancé, and her sister's father and mother. (Tr. 33, 35)

Since 2021, Applicant has lived with his brother, who is an Air Force technical sergeant (E-6), his mother, and his brother's two children. (Tr. 20-21, 26, 35) His mother is unemployed. (Tr. 36) His brother believes Applicant's financial judgment and responsibility has improved. (Tr. 22) He recommended that Applicant receive a security clearance. (Tr. 22)

Financial Considerations

Applicant's brother indicated that Applicant's financial problems were caused by the COVID-19 pandemic, instability, underemployment, unemployment, moving to different locations, commuting expenses, and living in an expensive area. (Tr. 21-26) He

was unable to leave home because of a quarantine during the COVID-19 pandemic. (Tr. 32) He moved to a cheaper area of the country. (Tr. 26) Applicant's brother helped him set priorities and generate a budget. (Tr. 22) He said Applicant "is making due diligence efforts to settle debts to showcase that he is fiscally responsible and to remove any sort of doubt and or questions that the U.S. [Government] might have of his ability to carry a clearance." (Tr. 23) His brother provided financial counseling to Applicant. (Tr. 27)

SOR ¶¶ 1.a through 1.t allege 20 delinquent debts totaling about \$25,816. Applicant intends to resolve all of his SOR debts; however, he did not provide proof that he has an established payment plan or made any payments to any of the SOR creditors except for the debts in SOR ¶¶ 1.k (\$158), 1.l (\$70), and 1.t (\$1,476). (Tr. 37-40, 43-44, 46-56) The debt in SOR ¶¶ 1.k and 1.l are paid, and on April 17, 2026, he made an \$871 payment using a credit card to address the debt in SOR ¶ 1.t. Additional information about the SOR debts follows.

SOR ¶ 1.a alleges Applicant has a debt in collection for an apartment for about \$7,261. He said he was unable to pay the rent because he was unable to work during the COVID-19 pandemic due to a quarantine. (Tr. 37) The debt became delinquent in 2020 or 2021. (Tr. 38) He said he planned to pay other debts, and then he would resolve this debt. (Tr. 37)

SOR ¶ 1.b alleges Applicant has a telecommunications account placed for collection for about \$4,954. He said the debt became delinquent due to the COVID-19 pandemic and loss of his employment. (Tr. 38)

SOR ¶ 1.c alleges Applicant has a charged-off account for about \$2,108. In 2020, the debt resulted when he purchased a television, and then due to the COVID-19 pandemic, he was unable to afford payments to the creditor. (Tr. 40)

SOR ¶ 1.d alleges Applicant has a credit-card account placed for collection for about \$672. He said he intends to arrange a payment plan "as soon as this month is over." (Tr. 41)

SOR ¶ 1.e alleges Applicant has an account placed for collection for about \$615. He said he signed for the utilities where his girlfriend's family lived. (Tr. 42) They were unable to pay the utilities when they lost their jobs. (Tr. 42)

SOR ¶ 1.f alleges Applicant has a credit-card account placed for collection for about \$560. He said he was unable to make payments because of the COVID-19 pandemic. (Tr. 43) He plans to arrange a payment plan in the future. (Tr. 43-44)

SOR ¶ 1.g alleges Applicant has a credit card account placed for collection for about \$532. He said, "my girlfriend's family was also not doing well. So, I prioritized helping them keeping the bills steady, the main bills, and then I did lose that one." (Tr. 44)

SOR ¶¶ 1.h and 1.r allege Applicant has two accounts placed for collection with the same creditor for about \$441 and \$360. He said he used the funds to repair a vehicle.

(Tr. 44) He said the creditor “just reached out to offer a settlement. And I plan to do that within the week, so.” (Tr. 45, 54)

SOR ¶ 1.i alleges Applicant has a charged-off credit card for about \$254. He said he used the credit card for living expenses. (Tr. 46) He said, “I do plan to pay that one off, because since it’s so low, it is on my priority list to pay off.” (Tr. 46)

SOR ¶¶ 1.j and 1.k allege Applicant has an account for about \$241 for Internet and for about \$158 for magazines, respectively, which were placed for collection. (Tr. 47-48) At his hearing, he said he intended to pay these two debts soon because they were of lesser amounts. (Tr. 47-48) On March 23, 2026, he paid the debt in SOR ¶ 1.k, and the creditor indicated the account has a \$0 balance. (AE A at 4)

SOR ¶ 1.l alleges Applicant has a charged-off debt for \$70. On September 18, 2025, he paid \$70, and he resolved this debt. (Tr. 38, 48; AE A at 1)

SOR ¶ 1.m alleges Applicant has an account placed for collection for about \$3,175. He said the debt resulted from purchase of a cell phone for himself and his mother. (Tr. 49) The debt became delinquent because he was unemployed during the COVID-19 pandemic. (Tr. 49) He did not make any payments to address this debt in the last year. (Tr. 49) He plans to contact the creditor. (Tr. 50)

SOR ¶ 1.n alleges Applicant has an account placed for collection for about \$939. The debt became delinquent during the COVID-19 pandemic because of his unemployment. (Tr. 51)

SOR ¶ 1.o alleges Applicant has a telecommunications account placed for collection for about \$739. The debt was originally about \$1,200 dollars, and around 2017, he made payments totaling about \$400. (Tr. 52) He was unable to make payments during the COVID -19 pandemic.

SOR ¶ 1.p alleges Applicant has a charged-off debt for about \$493. He borrowed the funds more recently than most of the debts. (Tr. 53) He made some \$75 payments, and then he stopped making payments. (Tr. 53)

SOR ¶ 1.q alleges Applicant has a charged-off debt for about \$455. He admitted responsibility for this debt in his SOR response, and he said he would be planning for it soon. (HE 2) At his hearing, he said he had a vague recollection of this debt, and he needed to research it. (Tr. 54)

SOR ¶ 1.s alleges Applicant has a charged-off debt for about \$313. He said he used the funds for household expenses, and he planned to eventually pay this debt. (Tr. 54)

SOR ¶ 1.t alleges Applicant has a telecommunication account that is past due for about \$1,476. He said he intends to pay this debt. (Tr. 56) On April 17, 2026, he made an \$871 payment to the creditor using a credit card. (AE A at 3)

After his hearing, Applicant provided a receipt from a creditor with a different name than any of the creditors on the SOR indicating a \$179 payment is scheduled on May 15, 2026. (AE A at 2) The record closed on May 6, 2026.

Applicant owes the state a non-SOR tuition debt for about \$1,050, and the debt is being paid through diversion of his state income tax refunds. (Tr. 58) He said he has filed and paid his state and federal income taxes. (Tr. 57-58, 61) His current annual income is about \$43,000. (Tr. 58) He has a monthly remainder of about \$100 to \$150. (Tr. 59)

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 applicant 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, nothing in an unfavorable decision should be construed to suggest that it is based on any express or implied determination about an applicant’s allegiance, loyalty, or patriotism. An unfavorable decision 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 [or her] 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. Sept. 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

Financial Considerations

AG ¶ 18 articulates the security concern for financial problems:

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 Appeal Board explained the scope and rationale for the financial considerations security concern in ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012) (citation omitted) as follows:

This concern is broader than the possibility that an applicant might knowingly compromise classified information to raise money in satisfaction of his or her debts. Rather, it requires a Judge to examine the totality of an applicant’s financial history and circumstances. The Judge must consider pertinent evidence regarding the applicant’s self-control, judgment, and other qualities essential to protecting the national secrets as well as the vulnerabilities inherent in the circumstances. The Directive presumes a nexus between proven conduct under any of the Guidelines and an applicant’s security eligibility.

AG ¶ 19 includes disqualifying conditions that could raise a security concern and may be disqualifying in this case, “(a) inability to satisfy debts,” and “(c) a history of not meeting financial obligations.”

The record establishes the disqualifying conditions in AG ¶¶ 19(a) and 19(c), requiring additional inquiry about the possible applicability of mitigating conditions. Discussion of the disqualifying conditions is contained in the mitigation section, *infra*. The financial considerations mitigating conditions under AG ¶ 20, which may be applicable in this case, are as follows:

(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 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.

The Appeal Board in ISCR Case No. 10-04641 at 4 (App. Bd. Sept. 24, 2013) explained Applicant’s responsibility for proving the applicability of mitigating conditions as follows:

Once a concern arises regarding an Applicant’s security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. See *Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. See Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in *Egan, supra*. “Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security.” Directive, Enclosure 2 ¶ 2(b).

SOR ¶¶ 1.a through 1.t allege 20 delinquent debts totaling about \$25,816. Applicant did not provide proof that he has an established payment plan or made any payments to any of the SOR creditors except for the debts in SOR ¶¶ 1.k (\$158), 1.l (\$70), and 1.t (\$1,476). The debts in SOR ¶¶ 1.k and 1.l are paid, and on April 17, 2026, he made an \$871 payment using a credit card to address the debt in SOR ¶ 1.t. I have credited him with mitigation of SOR ¶¶ 1.k, 1.l. and 1.t. He intends to resolve all of his SOR debts.

AG ¶ 20(a) does not apply to the SOR issues. “It is also well established that an applicant’s ongoing, unpaid debts [and history of not timely filing tax returns and paying taxes] demonstrate a continuing course of conduct and can be viewed as recent for purposes of the Guideline F mitigating conditions.” ISCR Case No. 22-02226 at 2 (App. Bd. Oct. 27, 2023) (citing ISCR Case No. 15-06532 at 3 (App. Bd. Feb. 16, 2017)).

AG ¶ 20(b) does not fully apply. The COVID-19 pandemic, instability, moving to different locations, commuting expenses, living in an expensive area, underemployment and unemployment are circumstances largely beyond his control which adversely affected his finances. However, he did not provide sufficient information about changes in income and expenditures to fully mitigate his financial issues. He did not assert good enough reasons or other circumstances partially or fully beyond his control, which caused him not to be able to make more progress sooner to resolve the delinquent SOR debts.

AG ¶ 20(c) does not fully apply. Applicant has received and is receiving financial counseling from his brother. However, due to the absence of sufficient documented evidence of progress paying his delinquent debts, there are not clear indications that his financial problems are being resolved or are under control.

Applicants are not required “to be debt-free in order to qualify for a security clearance. Rather, all that is required is that an applicant act responsibly given his or her 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) (denial of security clearance remanded) (citing ISCR Case No.13-00987 at 3, n. 5 (App. Bd. Aug. 14, 2014)). There is no requirement that an applicant make payments on all delinquent debts simultaneously, nor is there a requirement that the debts alleged in the SOR be paid first. See ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008). See *also* ISCR Case No. 23-01434 at 2-3 (App. Bd. May 7, 2024).

AG ¶¶ 20(d) and 20(e) do not fully apply. Applicant did not provide sufficient evidence that he is “adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts,” and he did not provide documentation showing that he disputed any of the SOR debts.

In ISCR Case No. 06-10320 at 2 (App. Bd. Nov. 7, 2007), the Appeal Board said:

The application of disqualifying and mitigating conditions and whole-person factors does not turn simply on a finding that one or more of them apply to

the particular facts of a case. See, e.g., ISCR Case No. 01-14740 at 7 (App. Bd. Jan.15, 2003). Thus, the presence of some mitigating evidence does not alone compel the Judge to make a favorable security clearance decision. As the trier of fact, the Judge must weigh the evidence as a whole and decide whether the favorable evidence outweighs the unfavorable evidence, or vice versa.

Applicant did not prove that he was unable to make greater progress sooner in the resolution of more of his delinquent SOR debts. Under all the circumstances, and considering the evidence “as a whole,” Applicant’s financial issues are not mitigated.

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” and the whole-person concept. My comments under Guideline F are incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under that guideline but some warrant additional comment.

Applicant is a 31-year-old materials handler, and he has been employed by a DoW contractor since February of 2024. He has worked for multiple companies in warehouse services. He is working on earning a GED diploma. His brother praised Applicant’s responsibility, reliability, and positive intentions. The character evidence supports approval of his access to classified information.

The evidence supporting denial of Applicant’s security clearance is detailed in the financial considerations section, *supra*, and this evidence is more substantial than the evidence of mitigation.

It is well settled that once a concern arises regarding an applicant’s security clearance eligibility, there is a strong presumption against granting a security clearance. See *Dorfmont*, 913 F. 2d at 1401. “[A] favorable clearance decision means that the record discloses no basis for doubt about an applicant’s eligibility for access to classified

information.” ISCR Case No. 18-02085 at 7 (App. Bd. Jan. 3, 2020) (citing ISCR Case No.12-00270 at 3 (App. Bd. Jan. 17, 2014)).

I have carefully applied the law, as set forth in *Egan, Dorfmont*, Exec. Or. 10865, the Directive, the AGs, and the Appeal Board’s jurisprudence to the facts and circumstances in the context of the whole person. Applicant failed to mitigate financial considerations security concerns.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for award of a security clearance in the future. With continued effort to establish and maintain his financial responsibility, he may well be able to demonstrate persuasive evidence of his security clearance worthiness.

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 through 1.j:	Against Applicant
Subparagraphs 1.k and 1.l:	For Applicant
Subparagraphs 1.m through 1.s:	Against Applicant
Subparagraph 1.t:	For Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security of the United States to grant or continue Applicant’s national security eligibility for access to classified information. Eligibility for access to classified information is denied.

Mark Harvey
Administrative Judge