



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



In the matter of:)	
)	
)	ISCR Case No. 25-00801
)	
Applicant for Security Clearance)	

Appearances

For Government: George A. Hawkins, Esq., Department Counsel
For Applicant: *Pro se*

05/06/2026

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 August 7, 2024, Applicant signed an Electronic Questionnaires for Investigations Processing (e-QIP). (Government Exhibit (GE) 1) On August 5, 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 the 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 recommended referral to an administrative judge to determine whether a clearance should be granted, continued, denied, or revoked. Specifically, the

SOR set forth security concerns arising under Guideline F. (HE 2) On August 12, 2025, Applicant provided his response to the SOR. On September 30, 2025, Department Counsel was ready to proceed. On December 1, 2025, the case was assigned to me.

On January 16, 2026, the Defense Office of Hearings and Appeals (DOHA) issued a notice scheduling the hearing on March 12, 2026. (HE 3) The hearing was held as scheduled using the Microsoft Teams video teleconference system.

During the hearing, Department Counsel offered nine exhibits into evidence; Applicant did not provide any exhibits; there were no objections; and all proffered exhibits were admitted into evidence. (Tr. 11, 15-18; GE 1-GE 9) On March 27, 2026, DOHA received a copy of the transcript. He provided some financial documentation after the hearing, which was admitted without objection as Applicant Exhibit (AE) A. The record closed on April 14, 2026. (Tr. 56, 59)

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.i. (HE 2) His admissions are accepted as findings of fact.

Applicant is a 35-year-old program manager who has worked for the same government contractor since 2022. (Tr. 7-8) In 2021, he received a general educational development (GED) diploma. (Tr. 7) He has not attended college or served in the military. (Tr. 7) In 2021, he married, and his 10-year-old stepdaughter resides with him and her mother. (Tr. 7-8) He has held a security clearance since 2023. (Tr. 8)

Financial Considerations

Applicant said his financial problems were due to his spouse's unemployment and underemployment for the past three to four years. (Tr. 20-21) His April 29, 2022 credit bureau report (CBR) shows the debts in SOR ¶¶ 1.a, 1.b, 1.c, and 1.e were current as of the date of the CBR. (Tr. 27-28; GE 6) These four debts went into default in late 2022 or early 2023 when his spouse had employment issues. (Tr. 27-28) Over the last two years, he paid about \$2,000 to address water-heater issues in his residence. (Tr. 33) His monthly net pay is about \$5,000, and his net monthly remainder is very low. (Tr. 46-47) He said his spouse obtained employment two or three weeks before his hearing, and he expects his financial situation to improve. (Tr. 21, 24-26) He planned to establish his financial responsibility. (Tr. 21) He intends to pay the debts in the SOR. (Tr. 42, 53)

Applicant's SOR alleges, and his CBRs state he has 12 delinquent accounts totaling \$30,052. The status of the 12 accounts is as follows:

SOR ¶ 1.a alleges a charged-off account owed to a creditor for about \$2,492. On April 28, 2023, the creditor obtained a judgment for \$3,027. (GE 7) Applicant said he

discussed a payment plan with the creditor. (Tr. 30) He “made a couple payments,” and then he “couldn’t make the payments after that.” (Tr. 30-31) On April 7, 2026, a law firm representing the creditor agreed to Applicant’s proposed settlement, in which Applicant agreed to pay \$100 on April 7, 2026, and \$130 monthly until the debt is paid. (AE A) He did not provide any evidence of payments under this payment plan.

SOR ¶ 1.b alleges a charged-off account owed to a creditor for about \$12,037. Applicant financed two replacements of his car’s engine. (Tr. 34) After the engine was replaced the second time, he sold the vehicle. (Tr. 35) His last payment was in October of 2023. (Tr. 34-35) On March 3, 2025, he told the OPM investigator that he believed he could pay the debt by 2027. (Tr. 37; GE 8) He did not have a payment plan with the creditor at the time of his hearing. (Tr. 37) On April 7, 2026, he paid \$121 to the creditor. (AE A)

SOR ¶ 1.c alleges a charged-off account owed to a creditor for about \$5,440. Applicant incurred this debt in 2022, and he used the funds to start a clothing-sales business. (Tr. 37-38) On March 3, 2025, he told the OPM investigator that he planned to pay the debt by the end of 2025; however, since his spouse did not obtain employment, he was unable to pay the debt. (Tr. 39-40; GE 8) He stopped paying the debt around 2022. (Tr. 38)

SOR ¶ 1.d alleges a creditor has an account placed for collection for \$2,011. Applicant admitted that he owed the credit card debt, and he was unable to make any payments to address it. (Tr. 40-41)

SOR ¶¶ 1.e through 1.h allege four collection accounts by the same collection agent totaling \$2,986 for about \$471, \$442, \$902, and \$1,171, respectively. Applicant admitted responsibility for the four accounts and said he had not made any payments to address them in the previous year. (Tr. 41-42; HE 2) On April 7, 2026, a law firm and Applicant agreed that he would pay \$75 monthly beginning April 7, 2026 to address the debts held by the debts in SOR ¶¶ 1.e, 1.g, and 1.h. (AE A) On April 7, 2026, he authorized seven \$37 monthly payments from his bank starting on April 7, 2026 to address the debt in SOR ¶ 1.f. He did not provide proof of any completed payments.

SOR ¶¶ 1.i, 1.j, and 1.k allege a charged-off account for about \$1,343 and two accounts placed for collection for about \$665 and \$747. Applicant said he owed these debts, and he was unable to make payments for at least the previous year. (Tr. 43-44)

SOR ¶ 1.l alleges a telecommunications creditor has an account placed for collection for about \$2,331. Applicant was unsure he was responsible for this debt, and he suggested it might have been his girlfriend’s account. (Tr. 43) He asked the creditor to provide a copy of a document he signed to establish the account, and he did not receive a response. (Tr. 44-45) He did not make any payments to the creditor for at least one year. (Tr. 45)

Applicant said he and his wife prepared a budget, and he would look for it, and provide a copy of it after his hearing. (Tr. 51) He has not received financial counseling. (Tr. 52) He did not provide a copy of his budget after the hearing.

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 War 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, this decision should not be construed to suggest that it is based on any express or implied determination about applicant’s allegiance, loyalty, or patriotism. It is merely an indication the applicant has not met the strict guidelines the President, Secretary of War, 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. 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

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.

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 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 in order 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.

In ISCR Case No. 08-12184 at 7 (App. Bd. Jan. 7, 2010), the Appeal Board explained the role of CBRs in financial considerations analysis:

It is well-settled that adverse information from a credit report can normally meet the substantial evidence standard and the government's obligations under [Directive] ¶ E3.1.14 for pertinent allegations. At that point, the burden shifts to applicant to establish either that [he or] she is not responsible for the debt or that matters in mitigation apply.

(internal citation omitted).

Applicant's SOR alleges, and his CBRs state he has 12 delinquent accounts totaling \$30,052. "[A] single debt can be sufficient to raise Guideline F security concerns." ISCR Case No. 19-02667 at 3 (App. Bd. Nov. 3, 2021) (citing ISCR Case No. 14-05366 at 3 (App. Bd. Feb. 5, 2016)). "Additionally, a single debt that remains unpaid over a period of years can properly be characterized as a history of not meeting financial obligations." *Id.* The record establishes the disqualifying conditions in AG ¶¶ 19(a) and 19(c), requiring an inquiry about the possible applicability of mitigating conditions. Additional 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).

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

Some circumstances partially or fully beyond Applicant's control adversely affected his finances. He needed to repair a vehicle and a hot water heater. His spouse was unemployed or underemployed for three or four years. Significant repairs and unemployment and underemployment of his spouse qualify as circumstances beyond his control, which adversely affected his finances. "Even if [an applicant's] financial difficulties initially arose, in whole or in part, due to circumstances outside his [or her] control, the [administrative judge] could still consider whether [the applicant] has since acted in a reasonable manner when dealing with those financial difficulties." ISCR Case No. 05-11366 at 4 n.9 (App. Bd. Jan. 12, 2007) (citing ISCR Case No. 03-13096 at 4 (App. Bd. Nov. 29, 2005); ISCR Case No. 99-0462 at 4 (App. Bd. May 25, 2000); ISCR Case No. 99-0012 at 4 (App. Bd. Dec. 1, 1999)). AG ¶ 20(b) partially applies. It does not fully apply because he did not provide sufficient information about his income, expenses, other financial responsibilities, or other details to establish he acted reasonably and responsibly towards the SOR debts in ¶¶ 1.a through 1.k.

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).

SOR ¶ 1.I alleges a telecommunications creditor has an account placed for collection for about \$2,331. Applicant credibly stated he was unsure he was responsible for this debt, and he suggested it might have been his girlfriend's account. He asked the creditor to provide a copy of a document he signed to establish the account, and he did

not receive a response. It is reasonable for him to request authenticating documentation and to wait for the debt to be substantiated before making payments. This debt is mitigated.

Applicant credibly stated at his hearing that he owed the debts in SOR ¶¶ 1.a through 1.k, and he had not made any payments to them for at least one year. After his hearing, he provided proof of a \$121 payment to the creditor in SOR ¶ 1.b (alleges a charged-off account for \$12,037). He provided evidence of three payment plans, dated April 7, 2026, to address other SOR debts, and he may have made the first payment on his payment plans. These are positive financial steps; however, even if he made the first payment under the three payment plans, his actions are too little too late to warrant full mitigation of the debts in SOR ¶¶ 1.a through 1.k.

None of the mitigating conditions fully apply. Applicant did not establish his good faith, and there are not clear indications that his financial problems are being resolved or are under control. He has not demonstrated a sufficient track record of debt payments to address the debts in SOR ¶¶ 1.a through 1.k. He did not prove that he was unable to make more progress sooner in the resolution of these 11 debts. Based on his overall history of financial irresponsibility, I am not confident that he will establish payment plans and consistently make payments, pay, or otherwise resolve these 11 SOR debts. Financial considerations security concerns are not mitigated under Guideline F at this time.

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 common-sense 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 35-year-old program manager who has worked for the same government contractor since 2022. In 2021, he received a GED. He has not attended

college. In 2021, he married, and his 10-year-old stepdaughter resides with him and her mother. He has held a security clearance since 2023. There is no evidence of security violations, criminal conduct, or abuse of alcohol or drugs.

The evidence against grant of a security clearance is detailed in the financial considerations section, *supra*, and this evidence is more substantial than the evidence of mitigation.

I have carefully applied the law, as set forth in *Egan*, 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 fully 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 more effort towards resolution of his financial issues, 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.k:	Against Applicant
Subparagraph 1.l:	For Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security 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