DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

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| In the matter of: | ) | |
| | ) | ISCR Case No. 25-00648 |
| Applicant for Security Clearance | ) | |

**Appearances**

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

06/08/2026

**Decision**

MURPHY, Braden M., Administrative Judge:

Applicant did not provide sufficient explanation or documentary evidence to address or mitigate established security concerns under Guideline F (financial considerations) regarding his delinquent debts. Applicant's eligibility for access to classified information is denied.

**Statement of the Case**

Applicant submitted a security clearance application (SCA) on February 21, 2024. Following a background investigation, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant on July 14, 2025, detailing security concerns under Guideline F due to various delinquent debts. The DCSA issued the SOR under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and Security Executive Agent Directive (SEAD) 4, *National Security Adjudicative Guidelines* (AG), effective June 8, 2017.

Applicant answered the SOR on August 14, 2025, and requested a decision by an administrative judge from the Defense Office of Hearings and Appeals (DOHA) based on the administrative (written) record, in lieu of a hearing. He provided no documents with his answer.

On August 22, 2025, Department Counsel submitted the Government's File of Relevant Material (FORM), including documents identified as Items 1 through 7. DOHA sent the FORM to Applicant electronically on August 16, 2025. He was afforded an opportunity to note objections and to submit material in refutation, extenuation, or mitigation, within 30 days from receipt of the FORM. Applicant signed a receipt for the FORM package on August 27, 2025. No response to the FORM was received from Applicant as of October 10, 2025. The case file was forwarded to the DOHA hearing office on or about October 27, 2025.

The case was initially assigned to another DOHA administrative judge on or about January 8, 2026. The case was assigned to me on May 21, 2026, due to caseload considerations. Government Items 1 and 2, the SOR and Applicant's Response, are the pleadings in the case. Item 3 is Applicant's SCA. Items 4 and 5 are interrogatory responses. Items 6 and 7 are credit reports. Applicant did not respond to the FORM, nor did he note any objections to the Government's evidence. Items 3 through 7 are therefore admitted without objection.

## Findings of Fact

Applicant admitted all 14 delinquent debts alleged in (SOR ¶¶ 1.a-1.n), without further comment. His admissions are incorporated into the findings of fact. Additional findings follow.

Applicant is 30 years old. He has never married and he has no children. He spent two years at a technical school (2013-2015), two years in college (2015-2017), and has attended an online university since 2023 but has not earned a degree. Many of his debts are federal student loans. Applicant has worked in retail (2015-2017 and 2021-2023), in restaurants (2015-2017 and late 2023 to January 2024), in accounting (2019), and in finance (2020-2023). Since February 2024, he has worked for a defense contractor as a security guard. This is his first application for a clearance. (Item 3)

Applicant disclosed no delinquent debts on his February 2024 SCA. His background investigation revealed the 14 debts alleged in the SOR. All of them are listed on credit reports from March 2024 or April 2025, or both. (Items 3, 5, 6, 7)

In the summary of his April 2024 background interview, Applicant initially said he did not have any delinquent debts, but he discussed his debts once he was confronted about them. He said his debts were caused by life transitions such as job changes and moving, though he also said that his financial situation at the time was "fine" and that he was able to pay his bills. His plan was to address his debts and save money. (Item 7) He was offered an opportunity to document his efforts to address his debts in an April 2025 interrogatory response but provided no documents about his efforts to do so; he provided a recent pay stub and a personal financial statement (PFS). (Item 6)

The 14 SOR debts include delinquent debts to private creditors that total about $18,817 and overdue federal student loan debts totaling about $25,633. Applicant admitted each debt in his Answer to the SOR but provided no details or documents about their current status or his efforts to address, resolve, pay, settle, or dispute them. (Items 1, 2, 6, 7)

Applicant's federal student loans are detailed at SOR ¶¶ 1.b ($5,040), 1.c ($4,276), 1.d ($4,218), 1.e ($4,211), 1.h ($2,703), 1.i ($2,665), and 1.j ($2.520). They were all delinquent and in collections as of April 2025. (Item 7) Applicant said in his background interview that they all arose while he was in school several years ago. He did not initially know how to pay them back and has taken few if any steps to set up repayment efforts since then. (Item 5)

SOR ¶ 1.a ($9,457) is a charged-off debt to a bank regarding a car loan. (Items 6. 7) Applicant asserted in his interview that the car was damaged by his mother, and that she was responsible for the debt. He provided no supporting documentation. It remains unpaid. (Items 5, 6, 7)

SOR ¶ 1.f ($3,608) is an account that has been placed for collection by a credit union associated with the online college program where Applicant most recently studied. (Item 7) It remains unpaid.

SOR ¶ 1.g ($2,900) is an account placed for collection by a bank. (Item 7) It remains unpaid.

SOR ¶ 1.k ($1,745) is an account placed for collection by a bank. (Item 7) It remains unpaid.

SOR ¶¶ 1.l ($647) and 1.m ($236), both debts to power companies, have been reported for collection. (Item 7) They remain unpaid.

SOR ¶ 1.n ($224) is an account placed for collection by a fitness center. (Item 7) It remains unpaid.

With his Interrogatory response, Applicant included a PFS that showed a monthly surplus of $286. He also lists purported monthly payments to the creditors for SOR debts ¶¶ 1.a, 1.k, 1.n, and the federal student loans, but he provided no documentation of any actual payments. (Item 4)

When he answered the SOR, Applicant gave no further explanation about the origin of any of the debts, all of which he admitted. He provided no information about any steps he has taken to settle, resolve, dispute, or otherwise resolve, any of the debts in the SOR, nor has he set out a plan to do so. He provided no documentation of the current status of any debt alleged. He also provided no details or documents about his current financial situation, such as his monthly income and expenses or his assets.

Applicant waived his right to a hearing. He did not provide any evidence of supporting references.

## Policies

It is well established that no one has a right to a security clearance. As the Supreme Court has held, "the clearly consistent standard indicates that security determinations should err, if they must, on the side of denials." *Department of Navy v. Egan*, 484 U.S. 518, 531 (1988).

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are used in evaluating an applicant's eligibility for access to classified information.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with the factors listed in the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(a), the entire process is a conscientious scrutiny of several variables known as the "whole-person concept." The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that "[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security." In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. Likewise, I have not drawn inferences grounded on mere speculation or conjecture.

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, an "applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel and has the ultimate burden of persuasion to obtain a favorable security decision."

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. 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 of potential, rather than actual, risk of compromise of classified information.

## Analysis

### Guideline F, Financial Considerations

The security concern relating to the guideline for financial considerations is set out in AG & 18:

> Failure to live within one's means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information. . . .

This concern is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual’s self-control, judgment, and other qualities essential to protecting classified information. An individual 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).

AG ¶ 19 provides conditions that could raise security concerns: ¶¶ 19(a) “inability to satisfy debts” and (c) “a history of not meeting financial obligations” are applicable, given the record evidence of Applicant’s delinquent debts.

The financial considerations guideline also includes conditions that could mitigate security concerns arising from financial difficulties. The following mitigating conditions under AG ¶ 20 are potentially applicable:

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

Applicant did not provide sufficient evidence to apply any of these mitigating conditions. He admitted all the debts but offered no explanations or updated information about their current status to show that any of the debts are being resolved. He provided no documents about the current status of his debts. He provided no new evidence from which to conclude that his financial issues are unlikely to recur and do not cast doubt on his current reliability, trustworthiness, and good judgment. AG ¶ 20(a) does not apply.

Applicant did not provide sufficient evidence to establish that his debts occurred due to conditions beyond his control. Moreover, even if he had, he did not establish that he made reasonable efforts under the circumstances to resolve the debts. AG ¶ 20(b) therefore does not apply. Similarly, he did not establish that he undertook sufficient good-faith efforts to pay or otherwise resolve her debts. He did not establish that AG ¶ 20(d) should apply.

**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 relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

> (1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I considered the potentially disqualifying and mitigating conditions given all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis.

Since Applicant elected a decision on the written record, in lieu of a hearing, I did not have the opportunity to question him about the origin or his debts or what he has done and is doing about them. Applicant submitted no evidence to mitigate the security concern arising from his delinquent debts. The Government did not allege a security concern under Guideline E (personal conduct) due to Applicant's omission of any reference to his delinquent debts on his SCA. Since it is not alleged in the SOR, I therefore cannot and do not consider that as disqualifying conduct. However, I am permitted to consider that evidence in weighing mitigation. I also had no opportunity to observe Applicant's demeanor, and thus, to assess the credibility of any of his assertions regarding his ability and willingness to address his debts. Overall, the record evidence leaves me with questions and doubts as to Applicant's eligibility for access to classified information.

## 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:

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| Paragraph 1, Guideline F: | AGAINST APPLICANT |
| Subparagraphs 1.a-1.n: | Against Applicant |

## Conclusion

Considering all of the circumstances, it is not clearly consistent with the interests of national security to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Braden M. Murphy
Administrative Judge