DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	ISCR Case No. 25-00830
Applicant for Security Clearance	)	

Appearances

For Government: Nicole A. Smith, Esq., Department Counsel
For Applicant: *Pro se*

05/22/2026

Decision

MURPHY, Braden M., Administrative Judge:

Applicant did not provide any 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 September 9, 2024. Following a background investigation, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant on November 19, 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 December 10, 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 January 17, 2026, Department Counsel submitted the Government's File of Relevant Material (FORM), including documents identified as Items 1 through 6. DOHA sent the FORM to Applicant electronically on March 4, 2026. 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. He received the FORM package on March 6, 2026. The case file was forwarded to the DOHA hearing office on or about April 24, 2026. No response to the FORM was received from Applicant.

The case was assigned to me on May 11, 2026. 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 credit reports. Item 6 is the unadopted summary of Applicant's October 2024 background interview. Applicant did not respond to the FORM, nor did he note any objections to the Government's evidence. Items 3 through 6 are therefore admitted without objection.

Findings of Fact

Applicant admitted all 11 delinquent debts alleged in (SOR ¶¶ 1.a-1.k), without further comment. His admissions are incorporated into the findings of fact. Additional findings follow.

Applicant is 40 years old. He has a high school diploma (2004) and a certificate from a trade school (December 2019). After high school, he spent almost five years in the Army (2004-2009) and was discharged honorably. His first marriage (2004-2012) ended in divorce. He remarried in 2020. He has no children.

Applicant worked for a state correctional facility from 2012 to 2018. He spent most of 2019 in school, earning his welder certificate. He has worked as an inspector for a large defense contractor since January 2020. He reported on his SCA that he had a clearance investigation in the Army, but it is not established whether he had a clearance or prior access to classified information. (Item 3)

Applicant disclosed no delinquent debts on his September 2024 SCA. His background investigation revealed the 11 debts in the SOR. All of them are listed on credit reports from September 2024 or June 2025, or both. (Items 4, 5)

In the summary of his October 2024 background interview, Applicant said he had not checked his credit report in two years. He volunteered that he had disputed some of his delinquent accounts because they were old and should not have been on his credit report since they were more than seven years old. He said he did not pay the debts due to changing jobs and a decrease in income. The details he provided in the accounts, if any, are addressed as necessary with each SOR debt, below. (Item 6)

The 11 SOR debts total about $20,500. They are all delinquent consumer debts. 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, 4, 5)

SOR ¶ 1.a ($5,119) is a charged-off debt to a bank regarding an auto loan. The account was last active in July 2024. (Items 4, 5) Applicant acknowledged the debt in his interview but provided few details.

SOR ¶ 1.b ($3,259) is an account placed for collection by a finance company. Applicant said in his interview that this was a loan he took out for car repairs. He said it was a high interest loan that he was unable to pay. He asserted that the account was not collectible under the seven-year statute of limitations, but the account remains listed on a recent credit report, with a last activity date of June 2025. (Items 5, 6)

SOR ¶ 1.c ($3,153) is a charged-off credit card account. (Items 3, 4) Applicant asserted that the account was not collectible under the seven-year statute of limitations, but the account remains listed on recent credit reports, with a last activity date of June 2025. (Items 4, 5, 6)

SOR ¶ 1.d ($2,580) is a charged-off debt to a bank regarding an auto loan. The account was last active in 2019. (Items 4, 5) Applicant said in his interview that the car was totaled in an accident, but the insurance check did not cover the full balance of the loan, which was then charged off in about 2019. He said he did not intend to pay the debt since it had been charged off and would instead wait seven years for it to drop off his credit report. (Item 6)

SOR ¶ 1.e ($1,926) is an account that has been charged off by a bank. Applicant acknowledged the debt in his interview but provided few details. He asserted that the account was not collectible under the seven-year statute of limitations, but the account remains listed on recent credit reports, with a last activity date of August 2024. (Items 4, 5, 6)

SOR ¶ 1.f ($1,284) is an account that has been charged off by a bank. Applicant acknowledged the debt in his interview but provided few details. He asserted that the account was not collectible under the seven-year statute of limitations, but the account remains listed on recent credit reports, with a last activity date of August 2024. (Items 4, 5, 6)

SOR ¶ 1.g ($1,165) is an account placed in collection by a bank. Applicant acknowledged the debt in his interview but provided few details. He asserted that the account was not collectible under the seven-year statute of limitations, but the account remains listed on recent credit reports, with a last activity date of May 2025. (Items 4, 5, 6)

SOR ¶ 1.i ($654) is an account placed for collection by an energy company. The account is for electrical service in a state where Applicant no longer lives. He denied responsibility for the debt in his interview, asserting that he paid the bill on time when he was there, and that the rental company failed to transfer the account when he moved out. He believes the account should be removed from his credit report after seven years. However, the account remains listed as being in collection. He also admitted the debt in his SOR response. (Items 2, 4, 5, 6)

SOR ¶ 1.j ($265) is an account that has been charged off by a bank. Applicant acknowledged the debt in his interview but provided few details. (Items, 4, 5, 6)

SOR ¶ 1.k ($165) is an account placed for collection by a camera store. Applicant acknowledged the debt in his interview but provided few details. (Items, 4, 5, 6)

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
>
> (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 of 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. Applicant 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 undertook 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.

Lastly, Applicant's claim that the debts are legally unenforceable also fails, and on several grounds. He has not submitted sufficient evidence to rebut the debts' listing on recent credit reports. Further, even if he had shown that the debts are legally unenforceable, that would not constitute mitigation in this forum.

As the Appeal Board has long held:

> First, security clearance decisions are not controlled or limited by statutes of limitations. Second, absent an explicit act of Congress to the contrary, the Federal Government is not bound by state law in carrying out its functions and responsibilities. Applicant does not cite to any Federal statute

> that requires the Federal Government to be bound by state law in making security clearance decisions. Third, a security clearance adjudication is not a proceeding aimed at collecting an applicant's personal debts. Rather, it is a proceeding aimed at evaluating an applicant's judgment, reliability, and trustworthiness.

ISCR Case No. 15-02326 at 3 (App. Bd. Oct. 14, 2016).

Accordingly, even if a delinquent debt is legally unenforceable under state law (which Applicant has not shown here), I am entitled to consider the facts and circumstances surrounding an applicant's conduct in incurring and failing to satisfy the debt in a timely manner. *See id.,* citing ISCR Case No. 01-09691 at 3 (App. Bd. Mar. 27, 2003). Applicant's statements in his background interview that he intends to wait for his debts to drop off of his credit report do not demonstrate good faith or responsible action.

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. I also had no opportunity to observe Applicant's demeanor, and thus, to assess his credibility. Applicant submitted no evidence to mitigate the security concern arising from his delinquent 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:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a-1.j:	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