DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

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| In the matter of: | ) | |
| | ) | |
| | ) | ISCR Case No. 25-01124 |
| | ) | |
| Applicant for Security Clearance | ) | |

**Appearances**

For Government: Cynthia Ruckno, Esq., Department Counsel
For Applicant: *Pro se*

06/12/2026

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**Decision**

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HARVEY, Mark, Administrative Judge:

Guideline F (financial considerations) security concerns are mitigated. Eligibility for access to classified information is granted.

## Statement of the Case

On September 25, 2024, Applicant completed an Electronic Questionnaire for Investigations Processing (e-QIP) or security clearance application (SCA). (Government Exhibit (GE) 1) On September 23, 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 whether to grant, deny, or revoke his security clearance. Specifically, the SOR set forth security concerns arising under Guideline F. (HE 1) On October 22, 2025, Applicant responded to the SOR. (HE 2) On January 21, 2026, Department Counsel was ready to proceed. On March 12, 2026, the case was assigned to me. On March 24, 2026, DOHA issued a notice scheduling the hearing for April 30, 2026. (HE 3) The hearing was held as scheduled, using the Microsoft Teams video teleconference system.

During the hearing, Department Counsel offered five exhibits; Applicant offered seven exhibits; and all proffered exhibits were admitted into evidence without objection. (Tr. 17-20, GE 1-GE 5; Applicant Exhibits (AE) A-AE G) On May 8, 2026, DOHA received a copy of the transcript. The record was scheduled to close on May 30, 2026, and an extension was granted until June 4, 2026. (Tr. 46, 48) Applicant provided three post-hearing exhibits, and all proffered exhibits were admitted without objection (AE H (updated payment information); AE I (IRS tax transcripts); AE J (closing statement)).

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.f. (HE 2) He also provided extenuating and mitigating information. His admissions are accepted as findings of fact.

Applicant is a 35-year-old senior project manager, who has been employed by a government contractor since January of 2025. (Tr. 6, 9) He has not been unemployed in the previous five years. (Tr. 10) In 2008, he graduated from high school. (Tr. 6-7) In 2021, he received a bachelor's degree with a major in management and applied engineering, and in 2025, he received a master's degree in engineering management. (Tr. 7) He served in the Air Force on active duty from 2010 to 2014, and in the Air Force Reserve from 2014 to 2016. (Tr. 7) When he left the Air Force Reserve, he was a senior airman, and he received an honorable discharge. (Tr. 8) His Air Force specialty was maintenance management production. (Tr. 8)

In October of 2025, Applicant married, and his spouse is a GS-14 who is employed by a non-DoD federal government agency. (Tr. 9, 33) He does not have any children. (Tr. 9) After his hearing, Applicant's spouse was transferred to an overseas location, and he intends to accompany her overseas. (Tr. 42-43) He wishes to retain his security clearance to improve his future employment opportunities. (Tr. 42) The government contractor continued to employ him until the end of May of 2026. (Tr. 42)

### Financial Considerations

Applicant accumulated the debts in the SOR from consumer-type expenses including purchase of a watch and an engagement ring. (Tr. 22-24) He set aside funds for his wedding instead of using them to pay his debts. (Tr. 32) He does not have any debt from the wedding. (Tr. 33) He used funds from a credit card to pay his mortgage. (Tr. 24) Around August or September of 2024, the interest charges on his debts became unaffordable, and he decided that he wanted to consolidate the debts into a single payment plan. (Tr. 22-24) His spouse received three furloughs from her federal employment. (Tr. 42) He conceded he was living beyond his means from 2023 to 2024. (Tr. 24) In 2023, he and his then-fiancée traveled to Africa and Mexico. (Tr. 24)

Applicant moved to a different state to be closer to his family, and his residence in the previous state of residence was not rented for a time. (Tr. 25) He made the minimum payments on several SOR debts until he elected to use a debt consolidation plan to resolve his debts. (Tr. 21-22) The debts in SOR ¶¶ 1.a through 1.e are from credit cards. (Tr. 23) The debt in SOR ¶ 1.f is from refinancing his rental property. (Tr. 26-27)

Applicant employed a debt consolidation company (DCC) to negotiate settlements on the six SOR debts. (Tr. 27-28) He pays DCC $1,600 monthly, and then DCC uses the accumulated funds to pay or make payments to the settlements for the creditors. (Tr. 27-30, 34-35) At the time of his hearing, DCC had obtained settlement amounts and made payments to the four creditors in SOR ¶¶ 1.b through 1.e. (Tr. 28) DCC was in the process of negotiating the settlement amounts for the two debts in SOR ¶¶ 1.a and 1.f. (Tr. 28-29)

The SOR alleges six delinquent debts totaling about $123,864. The status of the Applicant's SOR debts is detailed below.

SOR ¶ 1.a alleges, and his July 30, 2025 credit bureau report (CBR) states, that Applicant has a charged-off debt for about $14,642. (GE 4 at 1) DCC is attempting to negotiate a settlement with this creditor. (AE A)

SOR ¶ 1.b alleges, and his July 30, 2025 CBR states, that Applicant has a charged-off debt for about $9,969. (GE 4 at 1) DCC has a settlement agreement with the creditor in which the creditor agreed to accept $3,992 to settle the debt. (AE H) From April of 2025 to September of 2025, he paid $5 monthly, and starting in October of 2025, he made $220 monthly payments. *Id*. He has paid a total of $1,791 as of April of 2026. *Id*.

SOR ¶ 1.c alleges, and his July 30, 2025 CBR states, that Applicant has a charged-off debt for about $13,611. (GE 4 at 1) DCC has a settlement agreement with the creditor in which the creditor agreed to accept $9,902 to settle the debt. (AE A) He made $100 monthly payments from February of 2025 to December of 2025, and $362 monthly payments starting in January of 2026. (AE H) He has paid $3,013 as of the end of April 2026. *Id*.

SOR ¶ 1.d alleges, and his July 30, 2025 CBR states, that Applicant has a charged-off debt for about $12,443. (GE 4 at 1) DCC has a settlement agreement with the creditor in which the creditor agreed to accept $9,908 to settle the debt. (AE H) He has been making $412 monthly payments since March of 2025. *Id*. He has paid a total of $6,193 to address this debt. *Id*.

SOR ¶ 1.e alleges, and his July 30, 2025 CBR states, that Applicant has a charged-off debt for about $4,685. (GE 4 at 1) DCC has a settlement agreement with the creditor in which the creditor agreed to accept $2,108 to settle the debt. (AE H) He has been making $176 monthly payments since August of 2025. *Id.* He has paid $2,577 as of April of 2026. *Id.*

SOR ¶ 1.f alleges, and his July 30, 2025 CBR states, that Applicant has an account placed for collection for about $68,514. (GE 4 at 3) As indicated previously, he borrowed funds secured by his rental property, and he used the funds from this loan to make his payments on this rental property until he could find a tenant to rent his property. (Tr. 26-27) He subsequently defaulted on this loan. DCC is attempting to obtain a settlement amount and then start payments on this debt. It is unclear whether this is a secured loan.

Applicant has almost $23,000 in a 401(k)-retirement account. (Tr. 35) His student loans are current. (Tr. 35) All taxes were filed on time and paid in full. (Tr. 35; AE I) His adjusted gross incomes (AGIs) for tax years (TYs) 2019 through 2024 were as follows (rounded to the nearest $1,000): 2019 ($85,000); 2020 ($90,000); 2021 ($136,000); 2022 ($96,000); 2023 ($59,000); and 2024 ($71,000). (AE I) He has not received financial counseling. (Tr. 37) He learned from his financial predicament that it is important to live within his means and not accrue credit card debt. (Tr. 35-37)

Applicant's April 29, 2026 CBR shows the following information in his "Profile Summary": Past Due Amount ($101,636); Paid Accounts (16); Satisfactory Accounts (21); and Derogatory Accounts (6). (GE 5 at 1)

In his closing statement, Applicant said:

> What I am most proud of is how I responded once I recognized the problem. Rather than ignore it or hope it would resolve itself, I made the decision to address it head-on. In September 2024, I enrolled with [DCC] and committed to a structured debt resolution program. While the process is not quick, it is working. I continue to make regular payments, several accounts are actively progressing toward resolution, and my dedicated settlement account continues to grow. The overall trajectory is positive, and I remain committed to seeing the process through to completion.
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> Today, I have approximately $120,208 enrolled in the program, with four accounts actively in repayment and making progress toward resolution. My dedicated settlement account continues to be funded through regular deposits and currently has a balance of more than $5,800. These are not just plans for the future; they are actions I have been consistently taking to improve my financial situation and meet my obligations.
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> Throughout my career, I have held a security clearance since 2010. During that time, I have served honorably, handled sensitive information, and never had any issues involving integrity, judgment, reliability, or trustworthiness.

> The financial challenges I experienced do not reflect who I am as a person or how I conduct myself professionally.
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> This experience has forced me to become more disciplined, more intentional with money, and more focused on long-term financial stability. I have learned valuable lessons that will stay with me for the rest of my life. Most importantly, I have demonstrated through my actions that I am committed to resolving these debts and meeting my obligations. (AE J)

## 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, 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;
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> (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;
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> (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.f allege six delinquent debts totaling about $123,864. Applicant has established payment plans addressing four of the six SOR debts. He has committed to continuing his efforts through DCC to resolve all six SOR debts.

AG ¶ 20(a) does not apply to the SOR allegations. “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 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. Applicant moved to be closer to family. He was unable to rent his home at his previous residence. His AGIs for TYs 2021 through 2024 were as follows (rounded to the nearest $1,000): 2021 ($136,000); 2022 ($96,000); 2023 ($59,000); and 2024 ($71,000). His income dropped substantially as shown by the changes in his AGI in TYs 2023 and 2024. These circumstances are largely beyond his control, and they adversely affected his finances. However, he said he spent excessively and did not live within his means. He did not provide sufficient information to fully mitigate his financial issues under AG ¶ 20(b). He did not assert good enough reasons or other circumstances partially or fully beyond his control, which caused him to generate such a large amount of delinquent debt.

AG ¶ 20(c) does not apply. Applicant has not received and is not receiving financial counseling.

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) applies. In September of 2024, Applicant decided to employ DCC to address his delinquent debts. In February of 2025, DCC began allocation of funds to address specific delinquent SOR debts. He paid $1,600 monthly to address his SOR debts from late 2024 to April of 2026. He provided sufficient evidence that he is “adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.”

AG 20(e) does not apply. Applicant did not dispute his responsibility for any of the SOR debts.

Applicant's April 29, 2026 CBR shows the following information in his "Profile Summary": Past Due Amount ($101,636); Paid Accounts (16); Satisfactory Accounts (21); Derogatory Accounts (6). As indicated previously, he has an established payment plan to address the six derogatory accounts.

Applicant provided proof of his financial responsibility, and he has an overall track-record of paying his debts as shown by his most recent credit report. There are clear indications that the problem is being resolved, and his finances are under control. Under all the circumstances, and considering the evidence as a whole, his financial issues are mitigated under Guideline F.

**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 35-year-old senior project manager, who has been employed by a government contractor from January of 2025 through the end of May of 2026. In 2021, he received a bachelor's degree with a major in management and applied engineering, and in 2025, he received a master's degree in engineering management. He served in the Air Force on active duty from 2010 to 2014, and in the Air Force Reserve from 2014 to 2016. He received an honorable discharge. He has been consistently employed since 2019.

Applicant has held a security clearance since 2010. He has served honorably, handled sensitive information, and never had any issues involving integrity, judgment, reliability, or trustworthiness. He has learned that living beyond his means has consequences, and that he must be more disciplined with his spending to retain a security clearance and to establish his financial responsibility. He is committed to resolving his SOR debts and meeting his obligations.

The evidence supporting approval of Applicant's security clearance is detailed in the financial considerations section, *supra,* and this evidence is more substantial than the evidence supporting denial of his access to classified information.

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 mitigated financial considerations security concerns.

Applicant is warned that security officials can reassess his circumstances at any time. In future security clearance assessments, his entire history will be considered, including this decision. Failure to resolve the SOR debts or future delinquent debts may demonstrate a pattern and may result in revocation of his security clearance.

## 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: | FOR APPLICANT |
| Subparagraphs 1.a through 1.f: | For Applicant |

## Conclusion

I conclude that it is 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 granted.

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Mark Harvey
Administrative Judge