DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01310
	)	
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Carroll J. Connelley, Esq., Department Counsel
For Applicant: *Pro se*

07/02/2026

Decision

Hale, Charles C., Administrative Judge:

Applicant presented insufficient evidence to demonstrate the progress, if any, he has made to resolve his delinquent debt. Under these circumstances, he failed to mitigate the financial considerations security concerns. His application for a security clearance is denied.

Statement of the Case

On October 10, 2025, the Department of Defense (DoD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F, financial considerations, explaining why it was unable to find it clearly consistent with the national interest to grant security clearance eligibility. The DoD took the action under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DoD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the National Adjudicative Guidelines (AG) effective for any adjudication made on or after June 8, 2017.

On October 22, 2025, Applicant answered the SOR, admitting all nine allegations, and requesting a decision based on the administrative (written) record in lieu of a hearing. On March 24, 2026, Department Counsel prepared a File of Relevant Material (FORM), setting forth the Government's arguments against Applicant's security clearance worthiness. The FORM contains six attachments, identified as Government Exhibits (GE) 1 through 6.

Applicant received a copy of the FORM on April 9, 2026. He was given 30 days to file a Response, file objections, and submit material to refute, extenuate, or mitigate the security concerns. He did not offer a Response to the FORM. The case was assigned to me on July 1, 2026. GE 1, the SOR and Answer, are the pleadings in the case and already part of the record. GE 2 through 6 are admitted into evidence without objection.

Findings of Fact

Applicant is 37 years old. He served honorably in the United States Navy from 2007 through 2013. He married in 2009 and has three children. He has been taking college classes since 2018 and has taken out student loans. (GE 2; GE 4-6.)

The SOR alleges Applicant has delinquent accounts totaling approximately $43,000. In his response to the SOR, he admits all the allegations, SOR ¶¶ 1.a through 1.i. (Answer.) He stated in his Answer he had resolved one account and was resolving another, SOR ¶¶ 1.g and 1.h, respectively. The delinquent debts are listed in GE 4 through 6 and were discussed with a DoD investigator during his security clearance interview. (GE 3 at 2-5.) Applicant completed his security clearance application (SCA) on May 5, 2025, and he was interviewed by the investigator on July 30, 2025. (Answer; GE 2; GE 3.)

Applicant states in his response to the SOR:

> Since my meeting with the investigator, I have taken significant and proactive steps to address my financial situation. I have already paid off my [SOR ¶ 1.g ($669)] debt in full, and I am in the process of addressing my [SOR ¶ 1.h ($180) debt]. I am currently awaiting the details about the debt collector to whom this account was sold, after which I will pay the debt in full. These efforts show my sincere commitment to resolving my outstanding obligations and restoring my financial standing.
>
> Additionally, I am monitoring my debt[s] in collection and have implemented a plan to eliminate any remaining debt one at a time till I'm caught up. This process has been challenging, but I am fully dedicated to following through on my plan and ensuring that these issues do not persist. My financial difficulties, while unfortunate, are not indicative of my character, and I am committed to taking full responsibility for rectifying them.
>
> In support of this, I would like to emphasize my long-standing record of dedication and professionalism with [sponsor] and previous contracts holders of this program, where I have worked for over 12 years across various companies and roles. Throughout my time with the company, I have consistently demonstrated a strong work ethic, reliability, and integrity. My

> work history reflects my commitment to excellence, and I ask that this be taken into account when evaluating my case.
>
> I believe the steps I have taken to resolve my financial issues, along with my longstanding record of responsible and professional behavior, should be viewed as mitigating factors. I remain fully committed to both restoring my financial standing and maintaining the high standards expected in my professional role. (Answer.)

SOR ¶ 1.a. Applicant admitted this $9,277 debt was for an auto loan that he opened in opened in 2021. The vehicle was in a wreck in November 2023 and went to collections while the issue was being handled by the insurance company. He told the DoD investigator he has no plans to take further action regarding this debt. (GE 3 at 2-3.) There is a note in all three credit reports that the debt was being paid through insurance. (GE 4 at 3; GE 5 at 2; GE 6 at 1-2.) This debt is being resolved.

SOR ¶ 1.b. Applicant admitted he was indebted to a credit union for an individual account that had been charged off in the approximate amount of $7,687. He did not offer any details to the DoD investigator during his interview. (GE 3 at 3; GE 4 at 4.) This debt is unresolved.

SOR ¶ 1.c. Applicant admitted this debt was for a personal loan he opened in 2022 for $2,500, which became delinquent in 2022. He told the DoD investigator his goal was to resolve this debt but could not offer a timeline for when he would address this issue. At the time of the SOR, the debt was approximately $3,229. (GE 3 at 3; GE 5 at 1.) This debt is unresolved.

SOR ¶ 1.d. Applicant admitted this debt was for a personal loan opened in July 2022 for $2,500, which became delinquent in September 2022. He told the DoD investigator his goal was to resolve this debt but could not offer a timeline for when he would address this debt. (GE 3 at 3; GE 5 at 2.) This debt is unresolved.

SOR ¶¶ 1.e and 1.f. Applicant admitted these debts, for $1,787 and $969, which are with the same creditor. He could not provide the DoD investigator with any details about these accounts, such as when they were opened or what they were for. He told the investigator he intended to resolve these debts but was unable to provide a timeline for when he would address them. (GE 3 at 3; GE 5 at 5; GE 6 at 5.) These debts are unresolved.

SOR ¶ 1.g. Applicant admitted this debt was for a credit card opened in 2022, which became delinquent in 2022. He told the DoD investigator his goal was to resolve this debt but could not offer a timeline for when he would address this debt. In his Answer, he stated he had paid the $669 debt. The March 24, 2026 credit report does not show this debt, which had appeared on the May 31, 2025 credit report. Based on the assignment date of August 2024 and the last activity date of May 2025, its absence on the 2026 credit report supports Applicant's statement in his Answer that he paid this debt. (Answer; GE 3 at 3; GE 4 at 5.) This debt is resolved.

SOR ¶ 1.h. Applicant admitted this $180 debt was for a credit card. He told the DoD investigator he could not recall when he opened this account and was unaware who held the debt. In his Answer, he stated he was the process of addressing this debt and was awaiting the details about the debt collector to whom this account was sold. (Answer; GE 3 at 3-4.) This debt is unresolved.

SOR ¶ 1.i. Applicant admitted he was indebted to a creditor for an automobile loan that had been charged off in the approximate amount of $16,027. He listed this financial concern on his SCA. He took out the loan in about 2018 and it became delinquent in late 2019. On his SCA, he stated the vehicle was repossessed due to family hardship. He told the DoD investigator he did not know how much he owes since the vehicle was resold. He has not taken any action to resolve this debt. (GE 2 at 27; GE 3 at 3; GE 4 at 7; GE 5 at 1.) This debt is unresolved.

Applicant told the DoD investigator in his interview that his financial issues were family related. He cited that he and his wife had to care for his sister-in-law starting in 2018. His sister-in-law suffered from a heart condition requiring special care. When his sister-in-law moved to another state in 2020, she became ill, and his wife quit her job and went to care for his sister-in-law until she died. (GE 3 at 5.)

Applicant told the DoD investigator in his interview that in 2022, his family was experiencing racial discrimination, including an incident in which his son was attacked in their apartment courtyard by individuals armed with a pitchfork. As a result, he requested a transfer to a position in another state, which resulted in a $30,000 a year pay cut and required his wife to leave her job. As result, he was underemployed from 2022 through 2024, which caused his financial issues. (GE 3 at 5.)

Applicant told the DoD investigator in his interview that he had been promoted to a job where he is making about what he made in the previous state in which he resided, and his wife has a new, good-paying job working for a local municipality transit authority. As a result, he told the investigator his current financial situation was stable, he was able to pay all monthly bills, and he had about $400 a month available to address his past-due debts. His 2026 credit report reflects he is current on his student loans, a car loan, and several credit cards. (Answer; GE 3 at 4-5; GE 6 at 2-6.)

Applicant did not provide documentary evidence to support his statements in his security clearance interview (GE 3) or in his Answer to the SOR regarding his debt resolution efforts.

Policies

The U.S. Supreme Court has recognized the substantial discretion the Executive Branch has in regulating access to information pertaining to national security, emphasizing that “no one has a ‘right’ to a security clearance.” *Department of the Navy v. Egan*, 484 U.S. 518, 528 (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 required to be considered 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 overall adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(a), the entire process is a conscientious scrutiny of a number of 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 ¶ 1(d) 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. Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, the applicant is responsible for presenting “witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel. . . .” The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

Under the whole-person concept, the administrative judge must consider the totality of an applicant’s conduct and all relevant circumstances in light of the nine adjudicative process factors in AG ¶ 2(d). They are as follows:

(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.

Analysis

Guideline F: Financial Considerations

The security concern under this Guideline states, "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." (AG ¶ 18)

Applicant's history of financial problems triggers the application of AG ¶ 19(a), "inability to satisfy debts," and AG ¶ 19(c), "a history of not meeting financial obligations."

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 a good-faith effort to repay overdue creditors or otherwise resolve debt.

Applicant failed to mitigate the financial considerations security concerns. None of the mitigating conditions fully apply. He attributed his financial problems to underemployment and his sister-in-law's health concern. His financial issues are recent and ongoing. Applicant's inaction with respect to his financial delinquencies continues to cast doubt on his current reliability, trustworthiness, and judgment. AG ¶ 20(a) does not apply.

The evidence indicates that Applicant and his spouse were underemployed, and that there was a loss of income when his spouse was unable to work while caring for his sister-in-law, which are circumstances beyond his control. This falls under the first prong of AG ¶ 20(b). However, under the second prong of AG ¶ 20(b), he must establish that he acted responsibly under the circumstances. Given his inaction, he did not establish that he acted responsibly under the circumstances. Under these circumstances, AG ¶ 20(b) does not fully apply.

AG ¶ 20(d) is not applicable. Applicant did not provide evidence he is adhering to a good-faith effort to repay overdue creditors.

In a Guideline F case, the Appeal Board has held that until an applicant has a "meaningful financial track record it cannot be said as a matter of law that [s]he has initiated a good-faith effort to repay overdue creditors or otherwise resolve debts." ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007). The concept of "'meaningful track record' necessarily includes evidence of actual debt reduction through payment of debts." *Id*. Applicant did not provide sufficient evidence that he acted responsibly under the circumstances to resolve his debts. Because he states he took action after the security clearance process and he failed to support his statements, he has not established a track record of making payments, which could mitigate the financial considerations security concerns. Applicant has not established that he has acted responsibly under the circumstances.

Whole-Person Concept

I considered the whole-person concept factors in my analysis of the disqualifying and mitigating conditions discussed above, and they do not warrant a favorable conclusion. While Applicant's financial delinquencies can be attributable, in part, to circumstances beyond his control, he has not established that he acted responsibly under the circumstances or documented that his debts are under control or resolved. I considered his honorable military service and evidence of current payments on other accounts. Because Applicant requested a determination on the record without a hearing, I had no opportunity to evaluate his credibility and sincerity based on demeanor. *See* ISCR Case No. 01-12350 at 3-4 (App. Bd. Jul. 23, 2003). Overall, the record evidence leaves me with questions and doubts as to Applicant's eligibility and suitability for a security clearance.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of true reform and rehabilitation necessary to be eligible for a security clearance. The determination of an individual's eligibility and suitability for a security clearance is not a once in a lifetime occurrence, but is based on applying the factors, both disqualifying and mitigating, to the evidence presented. Under Applicant's current circumstances, a clearance is not warranted. In the future, he may well demonstrate persuasive evidence of his security worthiness.

After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concerns raised by his delinquent debts.

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.b-1.f, 1.h-1.i:	Against Applicant
Subparagraphs 1.a, 1.g:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with the interests of national security to grant or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Charles C. Hale
Administrative Judge