DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00931
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Erin P. Thompson, Esq., Department Counsel
For Applicant: *Pro Se*

06/30/2026

Decision

HOGAN, Erin C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on November 14, 2024. (Item 4) On August 8, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DCSA acted under Executive Order (EO) 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 the adjudicative guidelines (AG) implemented by the DOD on June 8, 2017.

Applicant timely answered the SOR and requested a decision based on the written record in lieu of a hearing. On March 25, 2026, the Government sent Applicant a complete copy of its written case, a file of relevant material (FORM), including pleadings and evidentiary documents identified as Items 1 through 8. He was given an opportunity to submit a documentary response setting forth objections, rebuttal, extenuation, mitigation, or explanation to the Government's evidence. He received the FORM via DOD Safe on

March 26, 2026. He was given 30 days to submit a response to the FORM. He did not submit a response to the FORM. The case was forwarded to the Defense Office of Hearings and Appeals (DOHA) Hearing Office on May 18, 2026, and assigned to me on June 2, 2026.

Evidentiary Matters

Items 1 and 2 contain the pleadings in the case and are part of the record. Items 3 through 8 are admitted into evidence without objection.

Some details in the decision were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits.

Findings of Fact

Applicant, age 35, is an employee of a government contractor since November 2024 and is seeking a security clearance. He was self-employed as "an advisor" from approximately November 2014 to approximately November 2024. He enlisted in the U.S. Army from July 2011 to November 2014, separating with an honorable discharge. He completed three years of high school but did not graduate. He has two children, ages 16 and 17. He has been married since 2017. (Item 3; Item 4)

The SOR alleged ten delinquent debts with a total approximate balance of $12,481. The debts include:

SOR ¶ 1.a: a $3,479 delinquent account owed to a bank that was placed for collection. (Item 6 at 2; Item 7 at 1; Item 8 at 4);

SOR ¶ 1.b: a $2,267 delinquent credit card account that was placed for collection. (Item 5 at 6; Item 6 at 2; Item 7 at 2);

SOR ¶ 1.c: a $1,399 delinquent account owed to a bank that was placed for collection. (Item 5 at 6; Item 6 at 3; Item 7 at 4);

SOR ¶ 1.d: a $1,244 delinquent credit card account that was placed for collection. (Item 5 at 6; Item 6 at 3; Item 7 at 4);

SOR ¶ 1.e: a $1,165 delinquent account owed to a bank that was placed for collection. (Item 5 at 5; Item 6 at 3; Item 7 at 3; Item 8 at 3);

SOR ¶ 1.f: a $1,146 delinquent credit card account that was placed for collection. (Item 5 at 5; Item 6 at 3,5; Item 7 at 3; Item 8 at 4);

SOR ¶ 1.g: a $1,066 delinquent account that was placed for collection. (Item 7 at 3);

SOR ¶ 1.h: a $715 delinquent credit card account that was placed for collection. (Item 5 at 5; Item 6 at 4; Item 7 at 3; Item 8 at 3-4);

SOR ¶ 1.i: a delinquent account with an unknown balance owed to a bank that was charged off. (Item 5 at 7; Item 6 at 4; Item 7 at 3; Item 8 at 1-2); and

SOR ¶ 1.j: a delinquent credit card account with an unknown balance that was charged off. (Item 5 at 7; Item 6 at 4; Item 7 at 3; Item 8 at 1-2)

With regard to the allegations in SOR ¶¶ 1.i and 1.j, the SOR pleadings did not alleged the balance owed on each debt. The most recent credit report in the file dated March 25, 2026, indicated the debt alleged in SOR ¶ 1.i was originally a $4,000 loan. In August 2022, approximately $826 was charged off. (Item 8 at 1) The debt alleged in SOR ¶ 1.j was a $2,000 personal loan and approximately $2,052 was charged off in August 2022. (Item 8 at 1-2) The total amount of delinquent debt alleged in the SOR is approximately $15,359 when you include the debts alleged in SOR ¶¶ 1.i and 1.j.

In response to DOHA interrogatories, dated June 18, 2025, Applicant admitted that he had incurred delinquent debts. He indicated that he was self-employed over the past ten years and the COVID-19 pandemic negatively affected his business. He is currently getting back on his feet. The delinquent debts he incurred were related to a period of uncertainty caused by the pandemic, which resulted in the "downfall" of his business. He indicated that he was currently in contact with creditors and that his debts would be paid off within the next six months. (Item 5 at 11)

Applicant included a Personal Financial Statement within his June 2025 response to DOHA interrogatories. His net monthly income was $4,680. His wife's net monthly income was $3,370. Their total net monthly income was $8,050. Their total monthly expenses were approximately $1,625. They have a monthly mortgage payment of $1,415 and a car payment of $700. Their total monthly payments are approximately $3,740. They have approximately $4,310 in discretionary income after expenses. (Item 5 at 13)

In his response the SOR, Applicant admitted all of the debts alleged in the SOR. He stated that he fell behind on a significant amount of debt because of the economic hardships he endured from 2019 to 2022 as a result of the pandemic. He indicated that he is working on resolving his debts as soon as he can. He has a plan in place to pay all of his debts. (Item 2, response to SOR)

In the March 2026 FORM, the Government indicated that the security concerns raised under Financial Considerations could not be mitigated without documentary evidence showing Applicant either resolved or was in a payment plan to resolve his financial obligations. Applicant did not respond to the FORM.

Policies

"[N]o 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." (*Egan* at 527). The President has authorized the Secretary of Defense 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." (EO 10865 § 2)

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the AG. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, an administrative judge applies these guidelines 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 and 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 that 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 made "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." (EO 10865 § 7). Thus, a decision to deny a security clearance is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense 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. (*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. ISCR Case No. 15-01253 at 3 (App. Bd. Apr. 20, 2016). 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 burden of proving a mitigating condition, and the burden of disproving it never shifts to the Government. (ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005))

An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his security clearance." (ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002)). "[S]ecurity clearance determinations should err, if they must, on the side of denials." (*Egan*, 484 U.S. at 531; AG ¶ 2(b))

Analysis

Guideline F: Financial Considerations

The concern under this guideline is set out in AG ¶ 19:

> 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.

This concern is broader than the possibility that a person might knowingly compromise classified information to raise money. It encompasses concerns about a person's self-control, judgment, and other qualities essential to protecting classified information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. (ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012)).

AG ¶ 19 notes several disqualifying conditions that could raise security concerns. The disqualifying conditions that are relevant to Applicant's case are:

> (a) inability to satisfy debts; and
>
> (c) a history of not meeting financial obligations.

AG ¶ 19(a) and ¶ 19(c) apply. Applicant has a history of incurring delinquent debt. He incurred ten delinquent debts, a total balance of $15,359.

AG ¶ 20 describes conditions that could mitigate security concerns. The following are potentially applicable in this case:

> (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 debts.

AG ¶ 20(b) applies because circumstances beyond Applicant's control contributed to his inability to pay his debts. He was self-employed since 2015. The COVID-19 pandemic negatively affected his business, which resulted in delinquent debts. Considering Applicant only incurred 10 delinquent accounts with a total approximate balance of $15,359, he acted responsibly under the circumstances. However, this mitigating condition is given less weight, because Applicant's financial situation improved in November 2024 when he was hired by his current employer, but he did not take any action towards resolving his delinquent debts.

AG ¶ 20(d) does not apply. While Applicant indicated that he would resolve all of his delinquent debts by February 2026 in his response to the SOR, he did not provide proof that he resolved any of the debts or entered into any payment agreements to resolve any of the debts. He did not respond to the FORM. As a result, he lost his opportunity to provide proof that he was in the process of resolving his debts such as receipts from the creditors, copies of bank statements or cancelled checks, copies of payment agreements, etc. Absent documentation corroborating his statements, I cannot conclude that he is making a good-faith effort to resolve his delinquent debts. The financial worksheet Applicant provided in response to DOHA interrogatories indicate that he and his wife had approximately $4,310 in discretionary income each month after expenses, none of which was applied towards resolving his delinquent accounts. Applicant did not mitigate the concerns raised under Financial Considerations.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether the granting or continuing of national security eligibility is clearly consistent with the interests of national security must be an overall commonsense judgment based upon careful consideration of the adjudicative guidelines, each of which is to be evaluated in the context of the whole person. An 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.

I have incorporated my comments under Guideline F in my whole-person analysis, and I have considered the factors in AG ¶ 2(d). After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude that Applicant did not mitigate the security concerns raised under financial considerations.

Formal Findings

Formal findings 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

I conclude that it is not clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Clearance is denied.

Erin C. Hogan
Administrative Judge