In the matter of:	)	
	)	
	)	ISCR Case No. 25-00983
	)	
Applicant for Security Clearance	)	

Appearances

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

06/24/2026

Decision

Hale, Charles C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Concerns raised under Guideline B (Foreign Influence) and Guideline L (Outside Activities) were withdrawn by the Government. Applicant failed to mitigate the financial considerations security concerns. His application for a security clearance is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on November 26, 2024. On August 13, 2025, the Department of Defense (DoD) sent him a Statement of Reasons (SOR), alleging security concerns under Guidelines B, F, and L. The DoD acted under Executive Order (Ex. Or.) 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 adjudicative guidelines (AG) implemented by DoD on June 8, 2017.

Applicant submitted his Answer to the SOR on September 12, 2025, and requested a decision on the record without a hearing. Department Counsel submitted the Government's written case on January 26, 2026, which included a withdrawal of the Guidelines B and L allegations. On March 6, 2026, a complete copy of the file of relevant material (FORM), which included Items 1 through 6, was sent to Applicant, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the Government's evidence. Items 1 and 2 (SOR and Answer) are pleadings in the case. Applicant received the FORM and submitted a Response dated April 3, 2026, which included Applicant Exhibits (AE) A through G. AE A is an April 2026 credit report and AE B-G are credit union account statements. Items 3 through 6 and AE A through G are admitted into evidence. The case was assigned to me on June 2, 2026.

Findings of Fact

Applicant is 40 years old. He divorced in July 2023 and has no children. He has never held a security clearance. He worked for a family-owned company in Kuwait from July 2023 through the date of the SCA. He listed his title as vice-president. From July 2018 through the date of the SCA, he listed that he was a consultant for a real estate company in the United States. He also worked as a graduate assistant from November 2021 to May 2022 at a U.S. university. (Item 3.)

In Applicant's interview with a DoD investigator, he blamed his financial issues on the difficulties of making payments while he was in Kuwait. He also referenced expenses arising from his former marriage. (Item 4.)

Applicant in his Answer stated:

> I acknowledge the debts listed under this guideline. However, I have since taken significant corrective action:
>
> • I have entered into repayment agreements with each financial institution or collection agency, including [SOR ¶¶ 2.a and 2.d], [SOR ¶ 2.b], [SOR ¶ 2.c], and others.
>
> • I have already begun making payments as scheduled under these agreements.
>
> • Documentation confirming these repayment arrangements and recent payment activity has already been submitted. I recognize the importance of financial responsibility and have acted promptly to resolve all debts. I believe my actions demonstrate sound judgment, integrity, and a commitment to financial stability.

The SOR alleges under Guideline F:

SOR ¶ 2.a. Applicant is indebted to a credit union for a credit card account that has been charged off in the approximate amount of $7,870. As of the date of this Statement of Reasons, the account remains delinquent. Applicant stated in his Response he was actively paying this debt and that his last payment was on December 30, 2025. The April 2026 credit report he submitted shows that he did not make any payments from July 2024 until 2025, when he made seven payments totaling $500. The balance as of February 2026 was $7,470. (AE A at 10.) He began to address this debt after the security clearance application process had been initiated.

SOR ¶ 2.b. Applicant is indebted to a creditor for an account placed for collection by a bank in the approximate amount of $7,652. As of the date of this Statement of Reasons, the account remains delinquent. Applicant stated in his Response he was actively paying this debt, and his last payment was on March 20, 2026. The April 2026 credit report does not show a history of scheduled payments. The credit report shows he made four $200 payments from November 2025 through February 2026 and a $652 payment in October 2025. The balance as of February 2026 is $6,000. (AE A at 6.) He began to address this debt after the security clearance application process had been initiated.

SOR ¶ 2.c. Applicant is indebted to a bank for a credit card account that has been charged off in the approximate amount of $5,426. As of the date of this Statement of Reasons, the account remains delinquent. With his Answer, Applicant offered evidence of three $50 payments on June 30, 2025, July 30, 2025, and August 30, 2025. He stated in his Response he was actively paying this debt, and his last payment was on February 28, 2026. The April 2026 credit report he submitted does not show any scheduled payments since July 2024 but the balance as of March 2026 was $5,026. (AE A at 12.) He told the investigator he paid the account most of the time but that he had financial issues while he was in Kuwait, and the account was charged off. (Item 4 at 12.) Applicant began to address this debt after the security clearance application process had been initiated.

SOR ¶ 2.d. Applicant is indebted to a credit union for a credit card account that has been charged off in the approximate amount of $4,856. As of the date of this Statement of Reasons, the account remains delinquent. Applicant offered a letter from the creditor with his Answer, which stated:

> This letter will confirm that our member is in compliance with the payment arrangement for the above referenced account which consists of monthly payments in the amount of $50.00. This payment arrangement has been in effect since 01/29/2025; to date $700.00 has been paid to the account. The account currently reflects a remaining balance of $4,656.43. Upon receipt of the final payment, the account will be considered paid in full.

Applicant stated in his Response he was actively paying this debt, and his last payment was on February 24, 2026. (AE A at 11.) This debt is being resolved.

SOR ¶ 2.e. Applicant is indebted on an account placed for collection by a property management company in the approximate amount of $1,977. As of the date of this Statement of Reasons, the account remains delinquent. Applicant told the DoD investigator this debt arose from a rented house with his ex-wife. He had been charged for cleaning when he moved out of the house and disagreed with the charge because he left the house clean, and his ex-wife did not want to pay the fee. He told the investigator he was thinking about disputing the charge. The Government credit report shows that this debt was disputed by Applicant, and it does not appear on the April 2026 credit report. (Item 4 at 3; AE A.) This debt is resolved.

SOR ¶ 2.f. Applicant is indebted on a credit card account that has been charged off in the approximate amount of $1,554. As of the date of this Statement of Reasons, the account remains delinquent. With his Answer, Applicant offered evidence of a $64.78 phone payment on September 9, 2025, and again on October 10, 2025. He stated in his Response he was actively paying this debt, and his last payment was on February 28, 2026. The April 2026 credit report does not show any scheduled payments since July 2024 but in 2025 he made five $64 payments, which included the two cited in his Answer as well as payments in November 2025, January 2026, and February 2026. The balance as of March 2026 was $1,101. (AE A at 5.) Applicant began to address this debt after the security clearance application process had been initiated.

Applicant's April 2026 credit report showed an unalleged $10,000 charged-off debt for an automobile loan from the same credit union alleged in SOR ¶¶ 2.a and 2.d. I have only considered this evidence under my whole person analysis.

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." *Id.* 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." Exec. Or. 10865, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended.

Eligibility for a security clearance is predicated upon the applicant's 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." *See* Exec. Or. 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. *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. 92-1106 at 3, 1993 WL 545051 at *3 (App. Bd. Oct. 7, 1993).

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. *See* 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; *see* AG ¶ 2(b).

Analysis

Guideline F, Financial Considerations

The security concern under this guideline 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 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. *See* ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Applicant's admissions and the evidence in the FORM establish the following disqualifying conditions under this guideline: AG ¶ 19(a) ("inability to satisfy debts"); and AG ¶ 19(c) ("a history of not meeting financial obligations).

The following AG ¶ 20 mitigating conditions 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;
>
> (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.

A security clearance adjudication is not a debt-collection procedure. It is a procedure designed to evaluate an applicant's judgment, reliability, and trustworthiness. *See* ISCR Case No. 09-02160 (App. Bd. Jun. 21, 2010). 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*. Payment agreements, such as his agreement with his credit union, are similar to promises to pay in the future, which are "not a substitute for a track record of paying debts in a timely manner and otherwise acting in a financially responsible manner." *See* ISCR Case No. 19-01599 at 3 (App. Bd. Jan. 15, 2020).

Applicant's behavior is recent and not infrequent, and he has not shown it occurred under such circumstances that are unlikely to recur, which casts doubt on his current reliability, trustworthiness, or good judgment. He did not provide sufficient evidence that he acted responsibly under the circumstances to resolve his debts until the security clearance application process was initiated. AG ¶ 20(a) does not apply.

AG ¶ 20(b) does not fully apply. Applicant went through a divorce in 2023 and mentioned expenses during that period but did not provide further details. Nor did he explain why keeping up with his bills while in Kuwait was difficult. His employment history does not show any breaks in employment since 2018. He began to act on his accounts in the fall 2025, only after the security clearance application process had been initiated. Applicant has not acted responsibly under the circumstances.

The evidence reflects Applicant began to address his debts after the security clearance application process had been initiated. AG ¶ 20(d) is only partially established. Since the fall of 2025, he has initiated some good-faith efforts to repay overdue creditors. He did not submit evidence of a consistent track record of payments. Applicants who begin to address their security-significant conduct only when their personal interests are at stake may be lacking in judgment and reliability. ISCR Case No. 16-01211 (App. Bd. May 30, 2018). Even if an applicant has paid his or her debts, an administrative judge may still consider the circumstances underlying the debts for what they may reveal about the applicant's eligibility for a clearance. ISCR Case No. 14-02394 (App. Bd. Aug. 17, 2015.) AG ¶ 20(d) does not fully apply.

The evidence reflects Applicant disputed his landlord debt before the security clearance application process had been initiated. The debt in question does not appear on his 2026 credit report. However, he did not provide documented proof to substantiate the basis of the dispute or provide evidence of actions to resolve the issue. AG ¶ 20(e) is partially established.

AG ¶ 20(c) is not applicable. There is no evidence of any credit counseling.

Whole-Person Concept

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. In applying the whole-person concept, an 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. An administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(a):

> (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 applied the adjudicative factors in AG ¶ 2(d). Applicant did not sufficiently document that his debts are under control or resolved. 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). I am duty bound to follow AG ¶ 2(b), which requires that "[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security." 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 B:	WITHDRAWN
Paragraph 2, Guideline F (Financial Considerations):	AGAINST APPLICANT
Subparagraphs 2.a-2c, 2.f:	Against Applicant
Subparagraphs 2.d-2.e	For Applicant
Paragraph 3, Guideline L:	WITHDRAWN

Conclusion

I conclude that it is not clearly consistent with the national interest to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Charles C. Hale
Administrative Judge