DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01024
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Sakeena Farhath, Esq., Department Counsel
For Applicant: *Pro se*

06/10/2026

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 September 23, 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 29, 2025, Applicant answered the SOR, admitting nine allegations, and requesting a decision based on the administrative (written) record in lieu of a hearing. On December 30, 2025, Department Counsel prepared a File of Relevant Material (FORM), setting forth the Government's arguments against Applicant's security clearance worthiness. The FORM contains seven attachments, identified as Government Exhibits (GE) 1 through 10.

Applicant received a copy of the FORM on March 13, 2026. He was given 30 days to file a Response, to file objections, and submit material to refute, extenuate, or mitigate the security concerns. He offered a Response to the FORM. The case was assigned to me on June 2, 2026. GE 1 and 2 are pleadings in the case. GE 3 through 10 are admitted into evidence without objection.

Findings of Fact

Applicant completed his security clearance application (SCA) on August 7, 2023. He is 41 years old, married, and has three children. (GE 3; Response.) He has been working for his sponsor since July 2023. He served on active duty in the U.S. Navy from 2003-2023 and honorably retired. He does not have any degrees. (GE 3.)

The SOR alleges Applicant has delinquent accounts totaling approximately $70,000. In his response to the SOR, he admits with explanation, the allegations, SOR ¶¶ 1.a through 1.i. (Answer.) He listed one alleged debt for $12,000 on his August 2023 SCA. He stated in his SCA, "I had a credit card I was paying the minimum balance I switched my bank to [bank 1] I closed my account with [credit union 1] He has five debts listed on the SOR with [credit union 1], SOR ¶¶ 1.b, 1.d, 1.e, 1.h, and 1.i. (GE 3 at 32.) He questions whether his [credit union 1] debts are duplicates. He cites his wife's underemployment as a reason for his financial situation. He explained on his SCA:

> I am currently working with a company to collect all my debt so that I can just have one payment and just pay it all off. My wife is a real estate agent, so we have some money now and I'm trying to get my debt to the lowest amount by not paying it per the recommendation of the company I'm using to get it cleared out and have 1 payment for all of my debt. (GE 3 at 33.)

Applicant in his Answer stated:

> I realize the issue of the lack of payments on my debt. I have contacted a debt consolidation group and have been advised on some of my options, some of them being the fact that if I wait 3 to 6 more months the debt can be picked up for cheaper. I am working with them to try and consolidate all of my outstanding debt into a loan that I can afford. I have served my country for 20 years and 6 months and am now retired working on a base that requires the security clearance in question to get on the base, with this job and my retirement and VA disability I am able to support my family of 5, without it I'm not sure what will happen. I have served my country faithfully and fully believe in what it is trying to accomplish and not looking for any shortcuts. I don't drink but maybe once a month if that or have a mental illness, I love living in this country and wouldn't do anything to affect that or my job. (Answer.)

SOR ¶¶ 1.a-1.i, are supported by the credit reports. (GE 6-9.) The July 7, 2025 credit report shows SOR ¶¶ 1.b, 1.d, 1.e, and 1.h debts as delinquent with a narrative comment on the credit report stating, "account information disputed by consumer." (GE 8 at 2-3.)

Applicant, consistent with his SCA, Answer, and Response to the FORM, told the DoD investigator in his interview that he was paying a credit repair company to help him and his wife resolve these debts but offered no supporting evidence. Applicant told the investigator that he had $20,000 in his bank account and had considered paying off his delinquent debt but did not realize how bad his debt was until his background investigation. (GE 10 at 4.) The investigator stated Applicant was given five business days to provide additional personal financial information, but he did not provide the requested financial information. (GE 10 at 5, 7.)

Applicant did not provide documentary evidence to support his statements in his security clearance interview (GE 10), his Answer to the SOR, or his Response to the FORM regarding his debt resolution efforts.

He states in his Answer to the SOR:

> In regards to section 1 – a. through i, in the statement of reasons that has been brought before you. I admit these are my debts. 1 – f and g are the same debt held by 2 companies I'm assuming are both reporting against my credit report. 1 – h and i, are also the same thing. 1 – c, I have set up a payment plan and it withdraws from my retirement check each month paying off the balance agreed upon before the check is ever deposited to my account. Looking at my credit report I believe 1 – d and e are also the same but it has already been reduced drastically as the debts are old. All of these debts are more than 2 years old or much longer, some of them are about to be turned into zombie debt I have been informed though I'm not sure exactly what that means beyond the fact that the amount the debt consolidation group I'm working with can get them at a lower amount therefore saving me money in the combined loan. All of my other debts, i.e. rent, cars, insurance, and bills are all being paid on time.

He states in his Response to the FORM:

> If you give me the opportunity to keep my clearance and fix these issues I will have my debt back on track. With the current outcome of what I'm told by the Debt consolidation company my total would be $27,780 - with the [credit union 1] and one [SOR ¶¶ 1.f or 1.g] and the [SOR ¶ 1.c] removed. Yes the [SOR ¶ 1.c] is still active with a total of $9,232 according to the numbers provided, but it is being paid back each month from my retirement check. With adding the 4 [credit union 1] accounts back the total is $58,122 which is a staggering number, and I will pay it off if that is what is required.

> Obviously with a debt consolidation loan I am told that the amount would be lower in total as the company negotiates on my behalf to make a manageable payment. (Response.)

Applicant's financial problems were ongoing while he served in the Navy. In discussing whether he had sought financial assistance, he told the investigator that he spoke with his Chief. His Chief recommended he file for bankruptcy. Otherwise, his only conversations on finances were about retirement with people he knew in the Navy. He said his spouse always handled their finances. (GE 6-9; GE 10 at 4.)

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;

(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;

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debt; 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.

Applicant failed to mitigate the financial considerations security concerns. None of the mitigating conditions apply. He attributed his financial problems to his wife's underemployment but after retiring from the Navy he was immediately employed and has over $20,000 in savings. His financial issues are recent and ongoing and did not occur under circumstances unlikely to recur. 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 Applicant's spouse may have been underemployed, a circumstance which may have been beyond his control, which is 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 employment after his discharge from the Navy and their savings he has not established that he acted responsibly under the circumstances. Under these circumstances, AG ¶ 20(b) does not fully apply.

AG ¶ 20(d) is not applicable. Applicant stated he had enrolled in a debt consolidation program but there is no evidence he is adhering to a good-faith effort to repay overdue creditors or is adhering to an agreement with a debt consolidation company.

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 with a credit repair company 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 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 failed to support his statements he has not established a track record of making payments, which could mitigate the financial considerations security concerns. Neither AG ¶¶ 20(b) or 20(d) fully apply. Applicant has not established that he has acted responsibly under the circumstances.

AG ¶ 20(c) is not applicable. While Applicant appears to have received some financial counseling when he contacted the debt relief company and when he spoke with his Chief, there is insufficient information in the record to determine what the counseling entailed and whether the problem is being resolved or is under control.

AG ¶ 20 (e) is not applicable. Applicant did not establish a reasonable basis to dispute the legitimacy of the past-due debts related to [credit union 1] nor did he substantiate the basis for any dispute or provide evidence of actions to resolve the issue.

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. 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.a-1.i:	Against 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