DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01315
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Daniel P. O'Reilley, Esq., Department Counsel
For Applicant: *Pro se*

07/23/2026

Decision

HALE Charles C., Administrative Judge:

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

Statement of the Case

Applicant submitted a security clearance application (SCA) on November 12, 2024. On March 24, 2026, 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 (Exec. 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) promulgated in Security Executive Agent Directive 4, *National Security Adjudicative Guidelines* (December 10, 2016), which became effective on June 8, 2017.

Applicant answered the SOR in April 4, 2026, and requested a hearing before an administrative judge. Department Counsel was ready to proceed on May 12, 2026. The case was assigned to me on June 2, 2026. On June 4, 2026, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled to be conducted June 25, 2026. I convened the hearing as scheduled. Government Exhibits

(GE) 1 through 4 and Applicant Exhibits (AE) A through G were admitted in evidence without objection. Applicant testified.

I kept the record open until July 20, 2026, to enable him to present additional documentary evidence. He timely submitted AE H through M, which were admitted without objection. DOHA received the transcript on July 8, 2026.

Findings of Fact

Applicant is a 55-year-old graphic designer. He has been working at his installation since 2018. He has had no performance issues, reprimands, or counseling. He has been recognized for his work by his superiors and customers. He married in 2007 and has a teenage daughter. He spends much of his free time taking his daughter to soccer practice and travel soccer tournaments. He is applying for his first security clearance. (GE 1; Tr. 17-25, 37; AE D-F, K-M.)

Applicant admitted he is not financially adept. He presented a budget, AE A, which showed he makes about $5,250 per month. He explained what he thought had been raises were due to his employer taking less taxes out of his paycheck. He has two side jobs, one with a rideshare service and the other as a freelance graphic designer for small private projects. He cited his spouse losing her job of 15 years in February 2024 as a reason for falling behind on his bills. She had been contributing $70,000 to family's annual income. She was able to find a new position in September 2025 at about the same salary. They split their bills. (Tr. 19-24.)

In Applicant's response to government interrogatories, he indicated his wife had been acting out of character after she lost her job, which had led to marital problems. Despite being out of work "she was out with friends." They have been working through the problems. When asked if she was spending extravagantly, he stated, "I mean, we're not that wealthy, so extravagant, she spent, she would go on trips, and it wouldn't be -- it would just be, you know, just, just away from the house." They have been working through the problems and things are better now that she is working, but she also must resolve some debt. They are able to communicate about who will be responsible to pay for which debt. When they could not qualify for a home equity line of credit, he started working the other jobs to help resolve the debt. (GE 2; Tr. 24-25, 27-29, 34.)

The SOR alleges three delinquent debts, which Applicant admitted with an explanation. The evidence related to these debts is summarized below.

SOR ¶ 1.a: **You are indebted to [credit card company] on an account that has been charged off in the approximate amount of $23,827. As of the date of this Statement of Reasons, the account remains delinquent**. Applicant in his Answer stated, "[h]ad financial difficulties year ago. I am in process of rectifying my debt." He testified:

> I've tried to call them and tell them about the account, that I wanted to make good of the account and the people say that I do not have anything. They cannot find it. So, I you know, I'm holding that back. I want to pay off all these others and then I can have a lot more money that I can say, you know, if there is anything that I can do to pay this down, I will pay it down. But they have no recollection of me, of that account number, or of anything on their end. And I have tried to reach out to them.
>
> I even tried to go on to the, my cell phones, their app, and it, it doesn't let me go into it or anything. So, it says that the account is not found. (Tr. 34-35.)

Applicant opened the account in 2014, and it was his primary credit card for bills like his electric bill, “groceries, clothes, and things like that.” He could not recall when he fell behind exactly, but he just could not make payments, so he stopped paying, and then it went into debt collection. He wanted to pay off the smaller debts before returning to resolve this debt. He is still with the same electric company. (Tr. 35-36, 49-51.) The debt is unresolved but being addressed.

SOR ¶ 1.b. You are indebted to [creditor] on an account placed for collection by [credit card company] in the approximate amount of $6,922. As of the date of this Statement of Reasons, the account remains delinquent. Applicant in his Answer he stated, “[b]ecause of financial difficulties I am paying this off through [creditor] month by month.” The debt was from a store credit card for a popular warehouse store where he maintained a membership. He still has the card and membership. For the past year, he has been paying about $50 a month. (Tr. 26-27, 30; AE B.) He began to work on the debt after the DoD investigator came to his office in June 2025 to interview him. He said the investigator said:

> [Y]ou have to start with a budget and start making payments to these because they can't be delinquent for so long. And so, that's when I realized that I needed to get that second income coming in, because even a little amount can go a long way. And so that's what I'm doing and chipping away at the smaller accounts. (Tr. 27.)

He explained he intended to increase his monthly payments when he resolved the SOR 1.c debt, stating,

> I'm almost finished with paying off the [SOR ¶ 1.c] card, and that's the one I couldn't find. I could take a screenshot of it on my phone, but it's down to $300. So, I'm almost finished with that. That's $100 a month. And then that'll just compound to the [store credit card], which will be then 150. And then when the [creditor], that's another $50 that's going to even compound more. And so, that's going to be 200 for the period of maybe one year after that. And then a year after that, that $722 debt will be paid off, and I will be able

> to then have more income coming into me and divvy it like maybe 500 go toward, go toward the [store credit card].

He offered a June 15, 2026 statement showing regular monthly payments starting on June 5, 2025. (AE B.) This debt is being resolved.

SOR ¶ 1.c. You are indebted to [credit card company] for an account placed for collection in the approximate amount of $1,352. As of the date of this Statement of Reasons, the account remains delinquent. Applicant in his Answer he stated, “am currently paying this off monthly.” Applicant provided a screenshot his account with his response to interrogatories. He testified that the exact amount of the debt was now $252.07, and that it was current. He believed the card was used for everyday purchases. (GE 2 at 13; AE H; Tr. 32.) This debt is being resolved.

Applicant’s mother paid for their family trips, and he did not use any of the credit cards in question on either trip. His mother did provide some financial assistance on occasion. She passed away just a few days before the hearing. When her estate is finally settled, he expects to inherit a substantial sum of money. He understands that given where the estate will be probated, he will not be receiving any inheritance immediately. (Tr. 38-39, 48-49.) He has taken online financial course, which he completed about a month prior to the hearing at the advice of his supervisor. (Tr. 39; AE G.)

Applicant discussed other debt he was maintaining, including a high interest loan. He has been on time with those payments and expects to have it paid off in October. (Tr. 40-41; AE C; AE J.) He supported his testimony in his post-hearing submissions, AE H-M. Consistent with his testimony, Applicant offered evidence of his outstanding work performance and character letters attesting to his conscientiousness, trustworthiness, dependability, and integrity. (AE D-F, K-M.)

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 ẟ“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 § 2.

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, 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." 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* at 531. Substantial evidence is "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all the contrary evidence in the same record." See ISCR Case No. 17-04166 at 3 (App. Bd. Mar. 21, 2019). It is "less than the weight of the evidence, and the possibility of drawing two inconsistent conclusions from the evidence does not prevent [a Judge's] finding from being supported by substantial evidence." *Consolo v. Federal Maritime Comm'n,* 383 U.S. 607, 620 (1966). "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. *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* at 531.

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 submitted at the hearing 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 mitigating conditions are potentially applicable:

> AG ¶ 20(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;

> AG ¶ 20(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;

> AG ¶ 20(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; and

> AG ¶ 20(d): the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

AG ¶¶ 20(a) through 20(d) are established. Applicant's delinquent debts are recent and frequent, but they occurred under circumstances making them unlikely to recur. His wife is now reemployed and contributing to their finances. While he has acted responsibly by taking financial classes, contacting his creditors, resolving several debts, and arranging to resolve as many debts as possible, the timing of his actions does raise a question that could undermine his mitigation.

In ISCR Case No. 24-01994 at 2 (App. Bd. Aug. 12, 2025), the Appeal Board stated:

> It is well-settled that the timing of debt resolution efforts is an important factor in evaluating mitigation "because an applicant who begins to resolve financial problems only after being placed on notice that his clearance was in jeopardy may lack the judgment and self-discipline to follow rules and regulations over time or when there is no immediate threat to his own interests." ISCR Case No. 15-06440 at 4 (App. Bd. Dec. 26, 2017). Moreover, until an applicant has a "meaningful financial track record," it cannot be said "that he has initiated a good-faith effort to repay overdue creditors or otherwise resolve debts." ISCR Case No. 01-21386 at 2 (App. Bd. Jun. 11, 2003).

Applicant does not present a perfect case in mitigation, but perfection is not required. He understands he cannot rely on his expected inheritance and that failing to follow through on resolving his debts will ultimately result in his security clearance being revoked at some point. He has established a sufficient track record of debt payment, and he has obtained additional employment to supplement his income to resolve debt. Under the circumstances of this case, I find that his finances no longer generate questions about his judgment, reliability, trustworthiness, and ability to protect classified information. Security concerns about his finances are mitigated.

Whole-Person Analysis

Under AG ¶ 2(c), the 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. An administrative judge must evaluate an applicant's security eligibility by considering the totality of the applicant's conduct and all the relevant circumstances. 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 applied the adjudicative factors in AG ¶ 2(d). I have considered that favorable character evidence and employment recognition submitted into evidence. He was sincere, candid, and credible at the hearing and his whole person and character evidence supported this observation. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude he has carried his burden of showing that it is clearly consistent with the national interest to grant him eligibility for access to classified information.

Formal Findings

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F (Financial Considerations): FOR APPLICANT

Subparagraphs 1.a-1c: For Applicant

Conclusion

I conclude that it is clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is granted.

Charles C. Hale
Administrative Judge