



**DEPARTMENT OF DEFENSE
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:

Appearances

For Government: John Renahan, Esq., Department Counsel
For Applicant: *Pro se*

10/01/2025

Decision

Dorsey, Benjamin R., Administrative Judge:

Applicant did not mitigate the financial considerations security concern. Eligibility for access to classified information is denied.

Statement of the Case

On February 3, 2025, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F, financial considerations. Applicant responded to the SOR on February 12, 2025, and requested a decision based on the written record in lieu of a hearing.

The Government submitted its written file of relevant material (FORM) on April 16, 2025. The FORM included an Amendment to the SOR that reduced the alleged balances of the debts listed in SOR ¶¶ 1.a and 1.f and increased the alleged balance in SOR ¶ 1.i, based on the record evidence. A complete copy of the FORM (with the SOR Amendment) was provided to Applicant with information advising him that he had 30 days from his date of receipt to admit or deny the SOR amendments, make objections to evidence, and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on May 1, 2025. He did not provide a response to the

FORM. The case was assigned to me on August 27, 2025. The Government exhibits included in the FORM, marked as Items 1-8, are admitted in evidence without objection.

Findings of Fact

Applicant is a 29-year-old employee of a government contractor for whom he has worked since June 2023. He earned a high school diploma in May 2015. He has not been married and has no children. He has resided with a cohabitant since August 2023. (Items 3, 4)

As amended, the SOR alleges Applicant owes 10 delinquent accounts totaling about \$62,940 (SOR ¶¶ 1.a-1.j). In his response to the original SOR (Answer), he admitted all the SOR debts. His admissions are incorporated into the findings of fact. He did not answer the Amended SOR as detailed in the FORM, so I will treat those allegations as having been denied. The SOR allegations and Amended SOR allegations are established by his admissions and the Government's May 2024, November 2024, and April 2025 credit reports. (Items 4-8)

The SOR and Amended SOR delinquent debts consist of the following: credit cards (SOR ¶¶ 1.a, 1.b, 1.c, 1.e, 1.f, 1.g, 1.j); auto loans (SOR ¶¶ 1.d, 1.i); and a loan for a mountain bike (SOR ¶ 1.h). Applicant opened these accounts between 2014 and 2022. According to the information he provided in his April 2024 security clearance application (2024 SCA), he became delinquent on all these accounts by May 2023. Except for the auto loan in SOR ¶ 1.i, (last payment made in March 2024), he last made a payment on these accounts in April 2023. In the 2024 SCA and during his September 2024 security interview (SI), which he adopted, he indicated that he planned to resolve all his debts through bankruptcy. However, in the Answer, he claimed that when he started his new job in June 2023, and especially after recently earning a pay raise, he thought he earned enough money to begin to resolve his debts by contacting creditors and making payment arrangements. He planned to do so by resolving the smaller accounts first and then moving on to the larger accounts. (Items 2-8)

In the Answer, Applicant claimed that he started following a written budget. He did not provide a copy of his budget or any documentation of his efforts to pay or otherwise resolve his debts. He provided no evidence that he has undergone financial counseling but indicated that he had taken unspecified "financial classes," and that he may seek the advice of a financial advisor. He claimed he no longer has access to credit cards, is able to live within his means, and has no other delinquent debts. (Items 2-8)

In the Answer, Applicant claimed that he first started having problems with his finances in 2020 when he totaled a vehicle and used the insurance proceeds to buy a nicer vehicle rather than to pay down the loan on the totaled vehicle. He wrote that this began his period of "financial overextension," and that he lived an unsustainable lifestyle, spending more money than he had just to survive. He claimed to have been financially responsible prior to that event. He also had two short periods of unemployment after leaving jobs that he did not enjoy. While he regained employment

for less money shortly afterwards, he was also fired from a job in March 2023 for testing positive for marijuana after taking a random drug test. He acknowledged using marijuana while on vacation just prior to taking the drug test. (Items 2, 4, 5)

Policies

This case is adjudicated 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 adjudicative guidelines (AG), which became effective within DOD on June 8, 2017.

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 to be used 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, administrative judges apply the guidelines in conjunction with the factors listed in the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), 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 ¶ 2(b) requires that "[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security."

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 the applicant or proven by Department Counsel." The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

Section 7 of EO 10865 provides that adverse decisions shall be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See also EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F, Financial Considerations

The security concern for financial considerations 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. 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, or 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.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable in this case:

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

Applicant has 10 delinquent accounts totaling about \$62,940. Many of the debts have been delinquent for over two years. The above disqualifying conditions are established.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following 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 debts.

Applicant's financial delinquencies are ongoing and therefore recent. The evidence does not show that the debts are resolved or are under control. I do not find they are unlikely to recur. AG ¶ 20(a) does not apply.

Applicant's delinquencies were caused by reasons both within and beyond his control. For AG ¶ 20(b) to apply he must also show that he acted responsibly under the circumstances with respect to these debts. While he has indicated he has a plan and an intent to resolve his debts in the future, he has not provided evidence of his implementation of that plan through resolution of his debts. His failure to provide evidence that he meaningfully addressed any of the SOR and Amended SOR debts means he did not provide sufficient evidence that he acted responsibly under the circumstances or made a good-faith effort to repay overdue creditors or otherwise resolve debts. AG ¶ 20(b) and AG ¶ 20(d) do not apply.

Whole-Person Concept

Under the whole-person concept, the 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. The 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.

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. I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant did not mitigate the financial considerations security concern.

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.j: Against Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

Benjamin R. Dorsey
Administrative Judge