



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



In the matter of:

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ISCR Case No. 24-01549

Applicant for Security Clearance

**Appearances**

For Government: Brian Farrell, Esq., Department Counsel  
For Applicant: *Pro se*

09/02/2025

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**Decision**

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PRICE, Eric 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**

On September 22, 2023, Applicant submitted a security clearance application (SCA). On September 17, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued to Applicant a Statement of Reasons (SOR) detailing security concerns under Guideline F. The action was taken under 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) promulgated in Security Executive Agent Directive 4 (SEAD 4), *National Security Adjudicative Guidelines* (December 10, 2016), for all adjudicative decisions on or after June 8, 2017.

Applicant responded to the SOR (Answer) on September 30, 2024, and requested a hearing before an administrative judge. The case was assigned to me on April 1, 2025. On June 4, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing scheduling the hearing via video teleconference.

I convened the hearing as scheduled on July 1, 2025. Department Counsel offered Government Exhibit (GE) 1 through GE 7, which were admitted without objection. Applicant testified but offered no documentary evidence. During the hearing, Department Counsel moved to Amend SOR ¶ 1.i and added SOR ¶ 1.j, and I granted the motion without objection from Applicant. I held the record open to permit Applicant to submit documents, but he did not do so. DOHA received the hearing transcript (Tr.) on July 14, 2025, and the record closed on August 26, 2025. (Tr. 14-18, 43-46; Hearing Exhibit (HE) I, HE II)

### **Findings of Fact**

Applicant is 47 years old. He worked as a quality assurance engineer for a federal contractor from October 2023 to September 2024 and was laid off when the SOR was issued. He worked in software testing for about 25 years. He was unemployed from April to August 2016, December 2019 to June 2020, April to October 2023, and since September 2024. He has worked part-time for two ride-sharing companies since September 2024. He had an interim security clearance from October 2023 to September 2024 but does not currently have a security clearance. (GE 1, GE 6; Tr. 9-29, 51-53)

Applicant attended college from 1995 to 1997 but did not earn a degree. He married in 2011 and has two children, ages 9 and 13. (GE 1; Tr. 54-55)

The SOR, as amended, alleges 10 delinquent accounts totaling approximately \$73,612 including \$36,244 in delinquent student loans. Applicant admitted the allegations in SOR ¶¶ 1.b-1.d, 1.f, and 1.g. He denied the allegations in SOR ¶¶ 1.a, 1.e, and 1.h, noting those debts had been removed from his credit history. I have treated the lack of clear responses to the allegations in SOR ¶ 1.i, as amended, and SOR ¶ 1.j as denials. (SOR; Answer; Tr. 12-13, 43-46)

Applicant has experienced financial problems since 2016 that he attributes to unemployment, underemployment, relocation costs after being laid off, and the cost of maintaining two households while transitioning to a new job. He has focused on paying essential family bills, and expressed his intent to resolve his delinquent debts as soon as he can afford to do so. (GE 2 at 7-9; Tr. 19-29, 51-58, 71)

The evidence concerning the specific SOR allegations is summarized below.

**SOR ¶ 1.a: medical account in collection for \$2,837.** Applicant denied this allegation. A July 2024 credit report shows this account was opened or assigned for collection in February 2024 with a balance of \$2,837. (GE 4 at 2) Credit reports from October 2024 and June 2025 do not include this debt. (GE 3, GE 7) Applicant testified that he believed he disputed this debt and that it was removed from his credit report. (Tr. 67-68) He did not submit documentary evidence to support his claim.

**SOR ¶ 1.b: credit collection account for \$1,738.** Applicant admitted this allegation. Credit reports from July and October 2024 and June 2025 show this account was opened or assigned for collection in December 2023 and with a balance of \$1,738.

(GE 3 at 2, GE 4 at 2, GE 7 at 2) In his June 2024 response to interrogatories, Applicant admitted he had not paid this collection account, that he did not have a payment arrangement to do so, and that he had no documentation to show payment status or of proof of payments. (GE 2 at 3) This debt is unresolved.

**SOR ¶ 1.c: credit collection account for \$655.** Applicant admitted this allegation. Credit reports from July and October 2024 show this account was opened or assigned for collection in January 2024 and with a balance of \$655. (GE 3 at 2, GE 4 at 2) A credit report from June 2025 does not include this debt. (GE 7) He did not submit documentary evidence of any payments on this debt. This debt is not resolved.

**SOR ¶ 1.d: credit collection account for \$362.** Applicant admitted this allegation. (Answer) He testified that he disputed this debt because he paid it over the phone with a credit card and said that he would try to obtain proof of payment. (Tr. 47-48, 66-67). Credit reports from July and October 2024 show this account was opened or assigned for collection in April 2023 and with a balance of \$362. (GE 3 at 2, GE 4 at 3) A credit report from June 2025 does not include this debt. (GE 7) He did not submit documentary evidence that he paid or disputed this debt. I have given Applicant credit for resolving this debt because he said he paid it, and it is not on a recent credit report.

**SOR ¶ 1.e: credit collection account for \$592.** Applicant denied this allegation and said it had been removed from his credit history. (Answer) He testified that he disputed this debt because someone fraudulently used his personal information to obtain pest control services, and that he would try to obtain proof of the dispute. (Tr. 68-69) Credit reports from July and October 2024 show this account was opened or assigned for collection in May 2019 as in collection for \$592 and \$602, respectively. (GE 3 at 2, GE 4 at 3) A June 2025 credit report does not show this debt. (GE 7) He did not submit documentary evidence that he disputed this debt. This debt is unresolved.

**SOR ¶ 1.f: loan collection account for \$344.** Applicant admitted this allegation. Credit reports from July and October 2024, and June 2025 show this account was opened or assigned for collection in April 2024 and with a balance of \$344. The June 2025 credit report also notes that Applicant disputes the account information. (GE 3 at 2, GE 4 at 3, GE 7 at 2) He did not submit documentary evidence of the basis to dispute this debt or to substantiate the basis of the dispute. This debt is not resolved.

**SOR ¶ 1.g: student loan collection account for \$36,244.** Applicant admitted the allegation noting that his student loans were showing as on time in his credit report. (Answer) Credit reports from October 2023, July and October 2024 show the consolidated student loan account had been in collection but as current with balances of \$35,143, \$36,244 and \$36,785, respectively. (GE 3 at 2, GE 4 at 3, GE 5 at 4). The student loans were not reflected in a June 2025 credit report. (GE 7) In his June 2024 response to interrogatories, Applicant admitted he had not paid his student loans totaling \$35,143. He also acknowledged he had not been making payments on those student loans, that he did not have a payment arrangement to do so, and that he had no documentation to show payment status or of proof of payments. (GE 2 at 4)

Applicant testified the student loans were incurred in the 1990's, that he participated in an income based repayment plan from about 2010 to 2020, and that they first went into collection in about 2020. He applied for loan forgiveness in about 2023 and has not received any correspondence from the Department of Education (DoEd) regarding his application. He tried to contact the DoEd the week prior to the hearing but had not otherwise contacted DoEd since he received the SOR. He did not recall when he made his last student loan payment. (Tr. 29-36, 54-62) This debt is not resolved.

**SOR ¶ 1.h: credit account charged off for \$750.** Applicant denied this allegation and said it had been removed from his credit history because he challenged it. (Answer; Tr. 43-46, 69-70) Credit reports from October 2023, July 2024, October 2024, and June 2025 show this account was opened or assigned for collection in November 2021, charged off for \$750, and in collection for \$617. (GE 3 at 1, GE 4 at 2, GE 5 at 2, GE 7 at 1) In his June 2024 response to interrogatories, Applicant admitted he had not paid an account charged off by this creditor for \$617, that he did not have a payment arrangement to do so, and that he had no documentation to show payment status or of proof of payments. (GE 2 at 3) Applicant did not submit documentary evidence of the basis to dispute this debt. This debt is unresolved.

**SOR ¶ 1.i: auto loan charged off for \$26,749.** Applicant admitted the account was past due for \$1,221 as originally alleged in the SOR, and I treated the lack of a clear response to the SOR allegation, as amended, as a denial. (Answer; Tr 43-46) Credit reports from October 2023, July 2024 and October 2024 show the account was opened in November 2022 and as past due for \$412, \$1,221, and \$1,518, respectively. (GE 3 at 3, GE 4 at 4, GE 5 at 5) A June 2025 credit report shows the account was charged off with a past due balance of \$26,749, as of June 25, 2025. (GE 7 at 1) Applicant testified the vehicle was repossessed in June 2025 because he could not afford the payments, that he had not made a payment since September 2024, and that he believed the vehicle was scheduled for auction soon. He said he would not know the deficiency balance until after the vehicle was sold at auction and that he intended to pay it when he could. (Tr. 36-45, 62-64) After the hearing he submitted an email stating he had been contacting the creditor frequently, that the vehicle was "sitting waiting to be sold" and that he had not received any additional information from the creditor. (AE A) This debt is unresolved.

**SOR ¶ 1.j: auto loan account charged off for \$3,341.** Credit reports from October 2023 and July 2024 show the account was opened in June 2019 with a high credit of \$14,159 and past due in various amounts. (GE 4 at 4, GE 5 at 5) Credit reports from October 2024 and June 2025 show the account was charged off for \$3,341 with a past due balance of \$1,434. (GE 3 at 2, GE 7 at 1) Applicant testified that he stopped making payments after the vehicle's engine blew, that he voluntarily returned it to the creditor in late 2023, and that the loan was charged off. He said that he intended to pay it when he could. (Tr. 40-45, 64) This debt is unresolved.

Applicant has paid at least one delinquent debt for \$82 that was not alleged in the SOR and has made all required payments on the loan for a vehicle he purchased in March 2025. (GE 7 at 2-3; Tr. 46-50)

Applicant's gross annual income was about \$95,000 per year until June 2023 when he was unexpectedly laid off. In June 2024, his gross monthly salary was about \$6,920 and his net monthly salary was about \$4,780. His spouse's monthly net income was about \$1,700. He estimated a net remainder of about \$1,820 per month after expenses. Since September 2024 his expenses have remained about the same, but he has earned between \$2,000 and \$3,000 per month before taxes and struggles to pay basic living expenses. He has less than \$500 in the bank and no retirement account. He has neither sought nor received formal financial counseling. (Tr. 19-29, 59-60, 70-71; GE 2 at 7-9)

Applicant was informed of the importance of providing documentary evidence regarding matters alleged in the SOR. (Tr. 6-11, 55-75; AE A)

## Policies

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 that an applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified information.

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, these guidelines are applied 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, reliable information about the person, past and present, favorable and unfavorable.

"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, and has the ultimate burden of persuasion as to obtaining a favorable clearance decision." Directive ¶ E3.1.15. 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." *Department of the Navy v. Egan*, 484 U.S. 518, 531 (1988); see AG ¶ 2(b).

The protection of the national security is the paramount consideration. Under AG ¶ 2(b), any doubt "will be resolved in favor of the national security." Section 7 of EO 10865 provides that 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 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. . . . 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 or sensitive information to raise money. It encompasses concerns about a person's self-control, judgment, and other qualities essential to protecting classified or sensitive information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified or sensitive information. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Applicant's admissions and record evidence, including credit bureau reports, establish two 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:

- (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 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.

AG ¶ 20(a) is not established. Applicant's financial problems are longstanding and ongoing. He has not shown that his financial problems are unlikely to recur, and his financial behavior casts doubt on his current reliability, trustworthiness, and good judgment.

AG ¶ 20(b) is not fully established. Applicant's unemployment, underemployment and costs associated with moving to start a new job were conditions largely beyond his control. However, he has not produced sufficient evidence that he acted responsibly under the circumstances.

AG ¶¶ 20(c) and 20(d) are not established.

AG ¶ 20(e) is not fully established for the debts alleged in SOR ¶¶ 1.a, 1.d, 1.e, 1.f, or 1.h because Applicant has provided no documentary evidence to substantiate a basis to dispute these debts. He is credited with mitigating the debt in SOR ¶ 1.d because he said he paid it, and it is not on his most recent credit report.

### **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 the 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.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). I found Applicant's testimony to be sincere and credible. I considered his age, work history, security clearance history, and that his financial problems were caused in part by conditions beyond his control. I also considered his limited resources, and that he resolved the debt alleged in SOR ¶ 1.d (\$362) and one delinquent debt (\$82) not alleged in the SOR. However, there is insufficient evidence to conclude that Applicant has acted responsibly given his circumstances. That some of the debts have dropped off recent credit reports is not meaningful evidence of debt resolution. See ISCR Case No. 14-05803 at 3 (App. Bd. July 7, 2016).

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.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for award of a security clearance in the future. With a longer track record of financial responsibility, he may be able to demonstrate persuasive evidence of his security clearance worthiness. Overall, the record evidence leaves me with questions and doubts as to his eligibility and suitability for a security clearance at this time.

### **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.c:	Against Applicant
Subparagraph 1.d:	For Applicant
Subparagraphs 1.e-1.j:	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 Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

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Eric C. Price  
Administrative Judge