



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



In the matter of: )  
 )  
 ) ISCR Case No. 23-01069  
 )  
 )  
Applicant for Security Clearance )

## Appearances

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

08/26/2025

## Decision

KATAUSKAS, Philip J., Administrative Judge:

Applicant provided sufficient evidence to mitigate the national security concerns arising from his problematic financial history. His eligibility for access to classified information is granted.

## **Statement of the Case**

Applicant submitted his security clearance application (SCA) on November 23, 2022. On June 9, 2023, the Department of Defense (DOD) sent Applicant a Statement of Reasons (SOR) alleging that his circumstances raised security concerns under Guideline F (financial considerations). This action was taken under Executive Order (E.O.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended, as well as DOD 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive). The *Adjudicative Guidelines for Determining Eligibility for Access to Classified Information* (AG), effective within the DOD on June 8, 2017, apply here.

Applicant answered the SOR on July 12, 2023 (Answer) and requested a hearing before an administrative judge. The case was assigned to me on February 2, 2024. On

January 21, 2025, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled to be conducted in person on February 25, 2025. I convened the hearing as scheduled. Government Exhibits (GE) 1 through 6 were admitted without objection. Applicant testified and submitted Applicant's Exhibits (AE) A through AE F, which were admitted without objection. The record was left open for Applicant to submit additional documents. He timely submitted AE AA which was admitted without objection. DOHA received the transcript (Tr.) on March 7, 2025.

### **Findings of Fact**

Applicant is 32 years old and has never married. He completed high school (June 2013) and attended two years of college (August 2019 to June 2021). He has two sons ages three and nine by two different mothers. He served in the U.S. Navy from November 2014 to May 2015, when he was honorably discharged. He worked for a retail shipper from January 2022 to August 2022 and was unemployed from August 2022 to November 2022. Since November 2022, he has been employed full-time by a defense contractor. (GE 1; Tr. 22.)

Under Guideline F, the SOR alleged that Applicant has 12 accounts charged off or in collections totaling \$30,521. (SOR ¶ 1.) He denied one allegation (Answer ¶ 1.a) and admitted 11 allegations (Answer ¶¶ 1.b-1.l.) All but SOR ¶ 1.k (which he admitted) are supported by the Government's credit reports. (GE 3, 4, and 5.)

Applicant explained his custody arrangement. His oldest son is D, who is nine. His youngest son is M, who is three. He picks up D on Wednesdays and M on Thursdays and keeps them both until noon on Saturdays, when they return to their mothers. On alternate weeks, he picks them up Wednesdays and Thursdays but keeps them until Monday. This is an informal arrangement, not court-ordered. He has no continuing relationships with either of the mothers, nor does he have any financial obligations to either of the mothers. Neither of the mothers provide him with any financial support. He has the boys at least a couple of days every week. He is flexible, because M's mother travels for her job, and D's mother is pregnant. He is responsible for feeding and clothing when he has his boys. (Tr. 23-25.)

Applicant was directed to AE F, a Parent Transaction Detail. That refers to M's elementary school, which shows Applicant's payments from December 1, 2024 through February 9, 2025. Initially he was paying the entire bill. M's mother now pays the first two weeks (about \$879), and he pays the last two weeks. He will also pay for extracurricular activities, such as soccer. (Tr. 25-27.)

After graduating from high school, Applicant joined the Navy. He explained that at the time he was "going through a lot with his" mom." He and "his mom haven't had a great history with each other." He did not have a father. Other than his name, Applicant has no information about his father. (Tr. 28-29.)

While he was in the Navy, Applicant's mother was asking him for financial help. He did not send her money from his Navy pay, but whenever he was home, she wanted him to use his credit card to buy household goods and groceries for her. In the past, he had no support from his mother, and in the Navy he became depressed. He sought help from his commanding officer and received some, but when he was given the opportunity to leave the Navy honorably, he did so, after seven months. He regrets not staying in the Navy. (Tr. 29-33.)

When Applicant left the Navy in 2015 and came home, his relationship with his mother did not improve; it got worse. She was on her second husband (now divorced), and the garage with all his belongings had suffered a fire. He had not been informed about the fire. He had to start over, looking for a job with nothing. (Tr. 32-33.)

Applicant's next job was at V Fitness. He started as a front desk associate, then the front desk manager, then assistant to the general manager. He spent three years at V Fitness (May 2015 to September 2018). He was making \$18 per hour. Applicant next applied to the county police department, but that did not work out. Applicant then worked at a shoe store for about a year (September 2018 to August 2019). He then worked for a retail outlet as a technician from 2019 to 2022. In this latter job, he was not making ends meet, because there was so much down time. At the same time, he was taking college courses using his VA benefits, which covered about 80% of his costs. He graduated with a certificate in automotive engineering in Audi technology. (Tr. 34-41; GE 1.)

Applicant was unemployed from August 2022 to November 2022, when he started with his current employer. He works in the warehouse. He has had no workplace disciplinary actions at his current employer. His current salary is \$56,210. He does not work overtime and does not receive a year-end bonus. His employer offered a 401(k) plan last year, and he enrolled. His balance is about \$1,200. (Tr. 42-44.)

Applicant started his own business about October 2023. He filed all the state paperwork to create an LLC. He works on cars and does everything he can do in his driveway that does not require him to take the cars off the ground. He does brakes, tune-ups, and engine diagnostics. He did about 20 jobs last year. He estimated he made about \$2,000 last year. (Tr. 44-48.)

**SOR ¶ 1.a** is a charged off auto loan for \$21,370. This was a loan Applicant co-signed with his younger son's mother. AE A is a February 24, 2025 letter from the creditor to Applicant memorializing a settlement of this debt in full for less than full balance. Applicant believes he paid between \$3,500 and \$3,700. GE 5 notes that this loan was “[L]egally paid in full for less than full balance.” Applicant was asked if it had not been for the SOR putting his clearance in jeopardy would he have made the settlement payment? He replied: “Oh, absolutely. That had nothing to do with that at all. Me and my son's mother, because of the fact that it was on our credit still, we wanted it gone.” (Tr 48-57.) This debt has been resolved.

**SOR ¶ 1.b** is a charged off account for \$1,712. This was an auto loan he co-signed for a Navy friend when he was in the Navy (November 2014 to May 2015). The friend and his wife were expecting another child and needed some help getting an auto. Applicant helped by co-signing for the auto loan. The next time Applicant saw his friend, he told him that the auto had been in an accident, was totaled, and insurance has paid off the loan. Applicant was unable to investigate further, because he had no account information. Applicant never drove the auto or even sat in it. He saw it once at the dealership when he was there to cosign for it. As far as he knows, the auto has been charged off, and he cannot do anything about it. (Tr. 58-61.) This debt has not been resolved.

**SOR ¶ 1.c** is an account in collection for \$926. This is an auto insurance account he took out in his name for his younger sister. Because he is older than she, the rates for their two autos were lower than for her car alone. This account does not appear as delinquent on the latest credit report (GE 5) but does appear on the earlier ones. (GE 3 and 4.) The account may have fallen off the credit report, but Applicant never paid it. He has insurance on his current auto but not with this company. (Tr. 61-63.) This debt has not been mitigated.

**SOR ¶ 1.d** is an account in collection for \$872. This account is for his cellphone, his mother's cellphone, and one of his sisters' cellphones. This bill was incurred when he was living with his mother and her second husband. They all had a line together, but his mother wanted to be on her husband's line. So, she went on her husband's line and left Applicant to pay the bills. At that time, he could not pay the bills for the three phone lines. He telephoned the phone company in March or April about a year ago, after he received a letter from it. It was willing to take about \$200 but he could not afford that. He was also paying daycare and expenses for his boys. It has not been paid. (Tr. 63-64.) This debt has not been resolved.

**SOR ¶ 1.e** is a credit card account in collection for \$781. (GE 3.) Applicant was directed to GE 6 at 2, which shows a judgment against him in favor of the collection agency for the amount due entered July 1, 2024. It also shows a writ of garnishment of wages issued in October 2024. He agreed that this was how he resolved this debt. He was not upset by the wage garnishment. He did not contest it, and he let it go forward. He fell behind a bit on daycare, had to adjust his budget, but got through by using the credit card and then paying the garnishment and catching up on daycare. AE D is a January 29, 2025 letter to Applicant from the collection agency's counsel confirming that the debt has been paid in full. (Tr. 64-68.) This debt has been resolved.

**SOR ¶ 1.f** is an account charged off for \$675. This was a credit card Applicant got "during a time [he] needed assistance." He needed groceries, gas, and it was during Christmas, so he was also "trying to get what [he] could for the kids." This was in about 2019 to 2022. He could not manage to pay it, so the creditor closed the account. He has not yet made any efforts to pay it. (Tr. 68-69.) This debt has not been resolved.

**SOR ¶ 1.g** is an account charged off for \$623. This is Applicant's most recent credit card. He fell behind because his daycare raised his tuition from \$300 per month to \$1,800

per month. This was at a time when he was making those payments himself, before M's mother was helping. He was able to adjust his budget for the daycare increase, but that caused him to fall behind on this credit card, which he used for gas and groceries. The credit card is closed, but he did try to resolve its debt. He contacted the creditor about three weeks ago and discussed payment agreements. He told them he could not, however, afford the terms. They said he should call back when he is able to make payments and they could negotiate an agreement. (Tr. 69-72.) This debt has not been resolved.

**SOR ¶ 1.h** is an account in collection for \$445. It relates to SOR ¶ 1.c, his younger sister's auto insurance they shared to save her costs. She did not pass her emissions inspection, because at the time she owed money for not having auto insurance. He helped her but said she had to make sure she paid her share of their joint auto insurance. But she did not. This represents one month of her auto insurance. This happened in about 2022 or 2023. Applicant explained why he helped her out:

It sucks because her dad also wasn't in her life, so for me, I was the one who kind of -- who took up for her a lot and tried to do whatever I could to have her best foot forward and look out for her. It's just unfortunate that some of these things came back on me. (Tr. 72-73.)

This debt has not been resolved.

**SOR ¶ 1.i** is an account in collection for \$414. It is a WiFi bill for a home Applicant shared with three, sometimes four, other adults who were childhood friends. The bill was shared equally depending on how many adults were living there and whether and how they were employed. Applicant's name was on the WiFi account. All the others have now moved out. So he is responsible for the bill, and he cannot pay for various reasons. He has not yet reached out to the creditor. (Tr. 73-77.) This debt has not been resolved.

**SOR ¶ 1.j** is an account charged off for \$275. Applicant testified that this is a credit card that has been paid in full. AE AA is a February 25, 2025 letter from the creditor to Applicant memorializing that no additional balance is owed and the account is paid in full as of July 26, 2023. (Tr. 77-78.) This debt has been resolved.

**SOR ¶ 1.k** is a bank credit card account charged off for \$2,171. Applicant hopes to pay this off using his tax refund. He intends to do so, because he wants to open an account with this bank, but he was told that he cannot do so until he resolves this debt. His intention is to pay it in full. (Tr. 78-81.) This debt has not been resolved.

**SOR ¶ 1.l** is an account in collection for \$257. This was a charge incurred when his mother wanted to split off from sharing cellphone lines with Applicant and his sister. His mother wanted to keep the same number, but that added a fee on the bill, which was in his name. His mother was going to pay the fee, but she never did. (Tr. 81-82.) This debt has not been resolved.

Applicant drew attention to AE B, an email from a collection agency reminding him of a \$125 payment that is due February 2, 2025, leaving a balance of \$453.72. This is not a debt alleged in the SOR. He brought this exhibit to the hearing to show what debt he is working on now. Next he will address the bank credit card debt, when his tax refunds come in. (Tr. 82-84.)

Applicant is working on a budget, but it is hard, because the housing costs are split four ways, and the costs vary. For example, electricity just went up. The house is very old and does not have central heating, so they have to estimate how much oil to put in the tank to have heat in the winter. His budget is very tight and is contingent on how many jobs he has on cars. There are last-minute cancellations, so he tries not to count on that money. His budget also depends on his hours for his defense contractor. After all expenses, in a good month, he has perhaps \$200 to \$300 remaining. (Tr.84-86.)

Applicant has never gone to a credit counseling company, because they usually charge about \$200 to \$300, and he did not want to incur more debt. His aunt is a payroll specialist, and she told him those companies might just increase his debt. But he has a friend he met at his fitness job who has always set an example for him. His name is J, and he is a little older than Applicant. Jodie has made some of the mistakes he made. J gives him advice like try to keep his debt under 30%. He guides him through some of the financial terminology. He breaks it down for him. (Tr. 86-88.)

J lived and grew up here but then got married and moved to state A. They still stay in contact often. Applicant saw where Jodie grew up. It "was just as bad as mine." "He only had his mom, he didn't have a dad." But "his mom was more involved in his life." Applicant and Jodie were very athletic and competitive; it was a sibling rivalry. Jodie became a sports therapist, then went to school and got his master's degree and doctorate. He has had struggles. Now he is a chiropractor. His motivation encourages Applicant. Jodie also gives him good financial advice. (Tr. 82, 88-91.)

### **Character Reference Letter**

Applicant submitted AE E, a letter dated February 24, 2025, authored by the Associate Director of Logistics for a federal contractor that has employed Applicant on a federal contract since November 2022. During that period, Applicant has shown peerless and exemplary integrity and trustworthiness. His character and work ethic have been essential to the success of the contract. The author praised Applicant's judgment, professionalism, and decision-making qualities.

### **Law and Policies**

It is well established that no one has a right to a security clearance. As the Supreme Court held, "the clearly consistent standard indicates that security determinations should err, if they must, on the side of denials." *Department of the Navy v. Egan*, 484 U.S. 518, 531 (1988).

When evaluating an applicant's suitability for a security clearance, an administrative judge must consider the adjudicative guidelines. These guidelines are flexible rules of law that apply together with common sense and the general factors of the whole-person concept. An administrative judge must consider all available and 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 ¶ 12(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, then 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 in seeking a favorable security decision.

## **Analysis**

### **Guideline F - Financial Considerations**

The security concern relating to Guideline F 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.

This concern is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual's self-control, judgment, and other qualities essential to protecting classified information. An individual who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Guideline F notes conditions that could raise security concerns under AG ¶ 19. The followings conditions are applicable in this case:

- (a) inability to satisfy debts; and

(c) a history of not meeting financial obligations.

The SOR debts are established by Applicant's admissions and the credit reports. The Government established a *prima facie* case, and AG ¶¶ 19(a) and (c) apply. Therefore, Applicant had the burden to rebut that case.

SOR ¶ 1.a is a charged off auto loan for \$21,370 co-signed by Applicant and his younger son's mother. This debt was settled for less than full balance, and that settlement was satisfactorily documented. Applicant testified credibly that the issuance of his SOR had nothing to do with the settlement, because he and his co-signor both wanted to clear that debt from their credit reports. Applicant rebutted the Government's case.

SOR ¶ 1.j is a credit card account charged off for \$275. Applicant testified that this account has been paid in full, and he satisfactorily documented that resolution. Applicant rebutted the Government's case.

Guideline F includes conditions that could mitigate security concerns arising from financial difficulties. 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; and
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

SOR ¶ 1.b is a charged off auto loan for \$1,712. Applicant co-signed for this loan for a Navy friend between November 2014 and May 2015. Applicant later learned that the car had been totaled, and insurance had paid the loan. Applicant was new to the Navy at the time and just out of high school. He was unable to investigate further, because he lacked any account information. This debt was incurred ten years ago. The subsequent circumstances were unusual and unlikely to recur. They do not cast doubt on Applicant's reliability. This SOR debt is mitigated by AG ¶ 20(a).

SOR ¶ 1.e is a credit card in collection for \$781 that resulted in a judgment against Applicant for the collection agency and a writ of garnishment of wages. He agreed that this was how he resolved this debt. He was not upset by the wage garnishment, did not contest it, and let it go forward. He fell behind a bit on daycare, had to adjust his budget, but got through by using the credit card and then paying the garnishment and catching up on daycare. He documented that the collection agency was paid in full. Not every wage garnishment bars mitigation of financial concerns. See ISCR Case No. 04-07360 at 2-3 (App. Bd. Sept. 26, 2006). This SOR debt has been mitigated by AG ¶ 20(d).

## **Whole-Person Concept**

Under AG ¶ 2(a), 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. AG ¶¶ 2(a) and (d)(1)-(9) (explaining the “whole-person” concept and factors). In my analysis above, I considered the potentially disqualifying and mitigating conditions and the whole-person concept in light of all the facts and circumstances surrounding this case. There are two particular factors that warrant positive consideration under the whole-person concept.

The first is the character reference letter written by the Associate Director of Logistics for a federal contract that Applicant has worked on since November 2022. The author praised his overall professionalism and work ethic. The second is an email evidencing that Applicant is currently making payments on an unalleged debt. I have given this evidence the commendatory weight it deserves.

In summary, I find in favor of Applicant on SOR ¶¶ 1.a, b, e, and f, for a total of \$24,138. I find against Applicant on SOR ¶¶ 1.c, d, and g through l, for a total of \$6,383. The minor magnitude of this unresolved debt coupled with the positive weight of the whole-person factors do not raise national security concerns. Overall, I find in favor of Applicant.

Applicant leaves me with no questions or doubts about his eligibility and suitability for a security clearance. Therefore, I conclude that he provided sufficient evidence to mitigate the security concerns arising under Guideline F, financial considerations.

## **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	FOR APPLICANT
Subparagraphs 1.a - 1.b.:	For Applicant
Subparagraphs 1.c - 1.d.:	Against Applicant
Subparagraphs 1.e - 1.f:	For Applicant
Subparagraphs 1.g - 1.l:	Against Applicant

## **Conclusion**

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

---

Philip J. Katauskas  
Administrative Judge