



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



In the matter of:)
)
) ISCR Case No. 25-00336
)
Applicant for Security Clearance)

Appearances

For Government: George A. Hawkins, Esq., Department Counsel
For Applicant: *Pro Se*

12/02/2025

Decision

HOGAN, Erin 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

Applicant submitted a security clearance application (SCA) on March 7, 2024. On March 12, 2025, 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 (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; 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) implemented by the DOD on June 8, 2017.

On April 3, 2025, Applicant answered the SOR and requested a decision based on the written record in lieu of a hearing. On June 9, 2025, the Government sent Applicant a complete copy of its written case, a file of relevant material (FORM), including pleadings and evidentiary documents identified as Items 1 through 6. He was given an opportunity

to submit a documentary response setting forth objections, rebuttal, extenuation, mitigation, or explanation to the Government's evidence. He received the FORM on July 11, 2025. He was given 30 days to submit a Response to the FORM. He did not submit a response. The case was forwarded to the DOHA Hearing Office on August 25, 2025, and assigned to me on November 24, 2025.

Evidentiary Matters

Items 1 - 2 contain the pleadings in the case and are part of the record. Items 3 through 6 are admitted into evidence.

Findings of Fact

Applicant, age 40, is an employee of a DOD contractor who is seeking a security clearance. He has been employed by the DOD contractor since August 2022. He served on active duty in the United States Army from September 2005 to February 2009. He separated with an honorable discharge. He served honorably in the United States Army Reserves from November 2011 to May 2015. He has a high school diploma. He is married and has no children. (Item 3)

The SOR alleged four delinquent accounts, an approximate total balance of \$123,700. The SOR debts include a \$70,412 truck loan that was charged off (SOR ¶ 1.a: Item 5 at 4; Item 6 at 3); a \$39,487 delinquent account that was charged off (SOR ¶ 1.b: Item 5 at 3; Item 6 at 2); a \$10,600 delinquent account that was charged off (SOR ¶ 1.c: Item 5 at 3; Item 6 at 2); and a \$2,871 delinquent account that was charged off. (SOR ¶ 1.d: Item 5 at 4; Item 6 at 2)

In his response to the SOR, Applicant denied the \$70,412 debt alleged in SOR ¶ 1.a. He claims that he voluntarily surrendered his truck to the dealership and the debt is resolved. He listed the debt on his March 7, 2024, security clearance application. He explained that he had opened a gym and the COVID-19 pandemic caused a shut down. He was unable to make payments on the truck and returned it to the creditor. The creditor was able to resell it to clear the debt. (Item 3 at 43) The March 2024 credit report lists the debt but indicates the balance is zero. The comments indicate it is a "PAID PROFIT AND LOSS – PAID CHARGE OFF." (Item 5 at 4) The January 2025 credit report also lists a zero balance. (Item 6 at 3) I find SOR ¶ 1.a for Applicant.

Applicant admits the three remaining debts in his response to the SOR. He states: "All these went negative due to the Covid pandemic. I have been and currently remain in good standing with all current creditors." (Item 2) He provided no proof that he made any attempt to settle or resolve the three debts alleged in SOR ¶¶ 1.b, 1.c and 1.d.

In response to interrogatories, Applicant provided a monthly budget. He and his spouse's net monthly income is approximately \$7,618, his net monthly expenses total approximately \$4,863. His net monthly remainder is \$2,755. (Item 4 at 9)

Applicant did not respond to the FORM. At the close of the record, he had provided no additional evidence to show that he either paid off, settled or was in a payment plan with any of the outstanding delinquent accounts alleged in the SOR.

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 "control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information." (*Egan* 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." (EO 10865 § 2)

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, 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." (EO 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. (*Egan*, 484 U.S. at 531). "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. (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 her 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*, 484 U.S. at 531; AG ¶ 2(b))

Analysis

Guideline F: Financial Considerations

The 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. 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 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. (ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012)).

AG ¶ 19 notes several disqualifying conditions that could raise security concerns. The disqualifying conditions that are relevant to Applicant's case include:

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

AG ¶ 19(a) and AG ¶ 19(c) apply to Applicant's delinquent debts alleged in SOR ¶¶ 1.a through 1.d. The total approximate balance of the delinquent debt was \$123,370. He has a history of not meeting financial obligations and unresolved delinquent accounts.

AG ¶ 20 describes conditions that could mitigate security concerns. They include:

- (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 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(b) partially applies because the COVID 19 pandemic was a circumstance beyond Applicant's control that adversely affected his financial situation. However, this mitigating condition is given little weight because he did not act responsibly under the circumstances. In his response to the SOR, he indicates that his accounts became delinquent as result of the COVID 19 pandemic but fails to acknowledge that he remains financially responsible for the debts alleged in the SOR ¶¶ 1.b, 1.c, and 1.d.

AG ¶ 20(d) applies with respect to the debt alleged in SOR ¶ 1.a because Applicant returned his truck to the creditor because he was unable to make payments during the pandemic. The creditor was able to sell the truck to cover the debt. The debt is resolved.

None of the mitigating conditions apply to the remaining SOR allegations. Applicant's response to the SOR implies that he was not going to resolve the debts because he claims they became delinquent as a result of the pandemic. Nonetheless, the debts were his responsibility and he took no steps to resolve them. Overall, Applicant failed to meet his burden of proof to mitigate the concerns raised under Financial Considerations.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether the granting or continuing of national security eligibility is clearly consistent with the interests of national security must be an overall commonsense judgment based upon careful consideration of the

adjudicative guidelines, each of which is to be evaluated in the context of the whole person. 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 I have considered the factors in AG ¶ 2(d). I considered Applicant's employment with a DOD contractor as well his honorable active-duty service in the United States Army and in the United States Army Reserves. I also considered that Applicant failed to provide evidence of his efforts to resolve the delinquent accounts alleged in SOR ¶¶ 1.b, 1.c and 1.d which total approximately \$52,958. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude that Applicant has not mitigated the security concerns raised under financial considerations.

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 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

Subparagraph 1.a: For Applicant

Subparagraph 1.b – 1.d: Against Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Clearance is denied.

Erin C. Hogan
Administrative Judge