



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



In the matter of: )  
 )  
 ) ISCR Case No. 24-01523  
 )  
Applicant for Security Clearance )

## **Appearances**

For Government: Tovah Minster, Esq., Department Counsel  
For Applicant: *Pro se*

07/17/2025

## Decision

OLMOS, Bryan J., Administrative Judge:

Applicant failed to mitigate the security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

## **Statement of the Case**

On September 24, 2024, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. The DOD issued the SOR 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 Security Executive Agent Directive 4 (SEAD 4), *National Security Adjudicative Guidelines* (AG), effective June 8, 2017.

Applicant answered the SOR on October 1, 2024 (Answer) with explanations and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The hearing convened as scheduled on May 14, 2025.

Department Counsel offered into evidence Government Exhibits (GX) 1-3. Applicant offered into evidence Applicant Exhibits (AX) A-C. All exhibits were admitted without objection. Applicant testified and the record closed at the conclusion of the hearing. DOHA received the hearing transcript (Tr.) on May 21, 2025.

### **Findings of Fact**

In his Answer to the SOR, Applicant admitted all the SOR allegations. His admissions are incorporated into my findings of fact. After a review of the pleadings and evidence submitted, I make the following additional findings of fact.

Applicant is 35 years old. He enlisted in the Navy from January 2012 through January 2016 and was honorably discharged as an E-5. He maintained a security clearance while in the Navy without incident. He earned a bachelor's degree in 2021. In August 2024, he enrolled full-time in a master's program. At the time of the hearing, he estimated he had about another year of studies before completing that program. (GX 1-2; Tr. 15-26)

While in the Navy, Applicant accumulated between \$50,000 to \$60,000 in credit card debt. He described being financially careless and irresponsible during this time as he was always helping family and friends, buying gifts, and covering the costs of social dinners. He also experienced several difficult situations while in the Navy, including being sexually assaulted, that led him to not reenlist. (Answer; GX 2-3; Tr. 19-24, 51-55)

As his enlistment in the Navy ended in January 2016, Applicant believed that, through a friend, he had secured a position with a sales company (Company A) where he would earn approximately \$70,000 to \$100,000 in annual salary. He planned to address his debt with the increased salary. However, on starting with the company, he realized that his salary was entirely based on sale commissions, and he earned significantly less income than he anticipated. He recalled there were weeks where he did not receive any pay, and his financial situation worsened. By mid-2016, he was barely able to make minimum payments on his accounts and some accounts became delinquent. (Answer; GX 1-2; AX C; Tr. 25-28)

In the fall of 2016, Applicant contacted a debt consolidation company. He could not recall the name of the company, but stated he enrolled in a debt relief program (DRP) and was advised to stop paying on all his debts. He stopped paying on his credit card accounts and began paying the company about \$400-\$600 per month with the understanding that the company would work to resolve his delinquent accounts. However, after about three months, he could no longer afford the payments into the DRP and stopped the program. He did not renew making any payments to the creditors after the DRP terminated. (Answer; GX 1-2; AX C; Tr. 27-33)

In about November 2016, Applicant secured employment with a retail sales company (Company B). While his income was still partially based on commissions, sales were more consistent, and he estimated he averaged about \$50,000 in annual salary. He recalled that this salary was sufficient to maintain his budget and he did not experience any new delinquent accounts. (Answer; GX 1-2; AX C; Tr. 21-22, 51-52)

In 2017, Applicant contacted the creditor for the accounts associated with SOR allegations ¶¶ 1.a and 1.b to resolve the accounts through partial payment. However, no agreement was reached, and he did not make any payments on the accounts. Although he continued to receive correspondence and phone calls from the creditor and collection agencies, he made no further attempt to resolve the accounts. Additionally, he made no effort to resolve the account associated with SOR allegation ¶ 1.c. (Tr. 20-33, 52-55)

Apart from an extended break in 2022, when he lived overseas with a friend for about six months, Applicant continued to work in varying capacities with Company B through 2023. In about January 2024, he began working with a defense contractor (Company C) at his current location and his salary increased to about \$60,000 annually. In about August 2024, his position migrated to his current employer (Company D), and he is now a project manager. His starting salary with Company D was \$75,000. In December 2024, his salary increased to \$80,000. (GX 1-2; AX C; Tr. 19-23, 35-38)

Applicant submitted a security clearance application (SCA) in October 2023 and disclosed his delinquent debts. He admitted that he "completely ignored them back when the issue first arose and, out of shame, [he] never answered the phone to an unknown caller after that." He noted he had kept his more recent accounts current and that the delinquent accounts had started to fall off his credit reports. (GX 1)

During his February 2024 background interview with a DOD investigator, Applicant affirmed his awareness of his delinquent debts and provided details of the accounts. He stated his intention to not pay the debts and allow them to become unenforceable under the statute of limitations. Beyond those accounts that became delinquent in 2016, he believed his financial situation was good and he was able to maintain a monthly budget. (GX 2)

In his September 2024 response to interrogatories, Applicant noted that the delinquent accounts from 2016 had since "dropped off" his credit report. He confirmed that he had no other delinquent accounts. (GX 2)

In his October 2024 Answer to the SOR, Applicant again stated he was irresponsible and careless as a young adult when he accumulated his delinquent debts. He had initially hoped to resolve the accounts when he started earning a good salary with Company A after his discharge from the Navy. Instead, he "fell deeper into debt"

and sought debt consolidation. Although he stopped paying into the DRP quickly after initiating the plan, he never renewed payments on his delinquent accounts. He stated, “searches on the internet advised me to just lay low for 7 years and then everything would go away, and that’s what I did.” He further noted that his income had increased substantially since working with Company D and that he was saving to purchase a house. (Answer)

Applicant testified that he was “ashamed” as to how he handled the delinquent debts but acknowledged he had not done anything to resolve them. When asked why he never attempted to pay the debts, he stated that once his credit was negatively impacted, he did not see the benefit in resolving them and planned to let the accounts be removed from his credit reports over time. He stated that, by the time he received the SOR, the accounts had been removed from his credit reports and he no longer had any delinquent accounts. Beyond some general financial classes he took in the Navy, he never received any financial counseling. (AX A-B; Tr. 20-22, 40-56)

Applicant testified that his financial situation has improved over time. In addition to his current annual salary of \$80,000, he receives about \$1,300 in monthly benefits based on a 60% disability rating in relation to his military service. In August 2024, he also began receiving a \$1,100 stipend, as part of his GI Bill benefits through the Department of Veterans Affairs, to support his ongoing studies. His student loans were forgiven, and he stated he is contributing about 20% of his income into a retirement account. Nonetheless, he also admitted to traveling extensively with friends and maintaining about \$20,000 in current credit card debt. Although he had no plan to address the SOR debts, he was committed to paying off his current credit cards. (AX A-B; Tr. 34-50)

Applicant further noted that, prior to the issuance of the SOR, he had held a security clearance without incident. He noted that the debts from the SOR were nearly a decade old and that he had shown he was able to be financially responsible. Further, he described being a strong asset and contributor to his company and believed he had exhibited the trustworthiness necessary to hold a security clearance. (AX C; Tr. 50-55)

## Policies

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

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 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, these guidelines are applied 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(a), 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." In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. Likewise, I have not drawn inferences grounded on mere speculation or conjecture.

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, an "applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel and 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.

## 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 financial security concern is broader than the possibility that an individual might knowingly compromise classified information 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. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012)

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

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts regardless of the ability to do so; and
- (c) a history of not meeting financial obligations.

While enlisted in the Navy from 2012 through January 2016, Applicant accrued substantial credit card debt. He then experienced continued financial difficulties when he received a salary significantly less than expected while working with Company A. However, after a brief effort to settle his debts through a DRP in 2016 and some communication with the creditor in 2017, he made no further attempt to resolve his delinquent accounts. Although his salary increased over time, he prioritized other financial goals and chose to not resolve his delinquent debts. Security concerns under AG ¶¶ 19(a), 19(b) and 19(c) are applicable.

Once disqualifying conditions are established, an applicant has the burden of presenting evidence to refute, explain, extenuate, or mitigate the security concerns arising from those debts. See ISCR 20-03146 at 3 (App. Bd. June 6, 2022). The fact that a debt no longer appears on a credit report does not establish any meaningful, independent evidence as to the disposition of the debt. See ISCR Case No. 14-03612 at 3 (App. Bd. Aug. 15, 2015). An applicant's reliance on the statute of limitations does not constitute a good-faith effort to resolve debts. See ISCR Case No. 14-01231 at 3 (App. Bd. Feb. 10, 2015). Debts that are barred by the statute of limitations or have been

removed from a credit report may still be considered in what they reveal about an applicant's security worthiness. See ISCR Case No. 21-00748 (App. Bd. June 2, 2022).

I have considered the mitigating conditions under AG ¶ 20, and 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;
- (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.

Applicant's financial difficulties began when he was young and financially irresponsible while in the Navy from 2012 through 2016. His financial difficulties continued as he failed to receive the income he had anticipated earning with Company A in 2016. Beyond the delinquent debts accumulated during that time, he has been able to manage his finances and kept his current credit card debt in good standing. The debts referenced in the SOR originated several years ago and were infrequent. His salary difficulties with Company A were also largely beyond his control. Mitigation under AG ¶¶ 20(a) and 20(b) must be considered.

However, beyond a brief attempt to resolve his debts through a DRP in 2016 and some communications with a creditor in 2017, Applicant never attempted to repay his delinquent debts. Instead, he chose to ignore the debts until they were eventually unenforceable under the statute of limitations. This does not constitute a good-faith

effort to resolve his debts. Additionally, he has not established that he is contesting the legitimacy of any of the debts, only their enforceability within the statute of limitations. AG ¶¶ 20(d) and 20(e) are not applicable. He has not received sufficient financial counseling for mitigation under AG ¶ 20(c) to be applicable.

Applicant's financial circumstances slowly began to improve when he started with Company B in 2017. In January 2024, he received an increased salary with Company C and has continued to earn a salary with Company D that allows him to maintain a budget while saving for retirement and the eventual purchase of a house. However, I am unable to find that he acted responsibly under the circumstances or that he made a good-faith effort to pay his debts. He has prioritized his future financial goals at the cost of his past creditors. His decision to not address his delinquent debt for nearly a decade continues to cast doubt on his current reliability, trustworthiness, and judgment. Mitigation under AG ¶¶ 20(a) and 20(b) is not applicable and none of the mitigating conditions fully resolve the security concerns.

### **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.

Applicant's circumstances have improved since his time in the Navy and while working with Company A. Beyond those debts accumulated through 2016, he has not experienced any new delinquent accounts and is more mindful of his financial

circumstances. However, he allowed several delinquent accounts to remain unresolved for years and has not yet established a sufficient track record of responsible action to mitigate the financial considerations security concerns.

## 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

**Subparagraph 1.a-1.c:** Against Applicant

## Conclusion

In light of all of the circumstances, it is not clearly consistent with the national interest to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Bryan J. Olmos  
Administrative Judge