



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



Appearances

For Government: Lauren A. Shure, Esq., Department Counsel
For Applicant: *Pro se*

09/10/2025

Decision

LAFAYE, Gatha, Administrative Judge:

Applicant failed to provide sufficient evidence to mitigate 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 July 26, 2023. On September 24, 2024, the Department of Defense (DOD) issued a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant answered the SOR on September 26, 2024 (Answer) and elected to have his case decided on the written record in lieu of a hearing. Applicant provided documentary evidence to the Government during the adjudication process, which is included in the Government's submission. The case was assigned to me on August 1, 2025.

The Government's written case was submitted on February 12, 2025. A complete copy of the file of relevant material (FORM) was provided to Applicant, who was given an opportunity to file objections and to submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on March 24, 2025, and did not respond, nor did he submit any additional documentary evidence.

Evidence

Government Exhibits (GE) 1 and GE 2 consist of the SOR and Applicant's Answer. GE 3 through GE 8 are admitted in evidence without objection. The evidence in GE 7 is Applicant's documentary submission to the Government during the adjudication process.

Findings of Fact

In his Answer, Applicant admitted all SOR allegations, SOR ¶¶ 1.a through 1.d. His admissions are incorporated in my findings of fact. After thorough review of the evidence, I make the following additional finding of facts.

Applicant is 74 years old. He was born in Portugal, arrived in the United States in 1964, enlisted in the U.S. Army on active duty in 1974, and was honorably discharged in 1976. He became a naturalized U.S. citizen in 1977. He enlisted in the Army National Guard (inactive reserve) immediately after his Army discharge in 1976, and he served in that status until 1983. In May 1986, he rejoined the Army National Guard and continued to serve until his honorable discharge in May 1988. He attended college from 1977 to 1993, but did not complete his degree. He married in 1993 and divorced in 2005. He has a 32-year-old son who resides in a different state. Applicant last traveled to Portugal to visit family and friends in 2019. (GE 3)

Applicant is a computer-aided design (CAD) designer employed by a defense contractor since April 2023. He previously worked as a draftsman for a private company from June 2020 through April 2023. Prior to that, he worked as a senior CAD designer for another private company from January 2013 until he was laid off in June 2020 due to the COVID-19 pandemic. (GE 3)

Applicant provided the Government a copy of a debt resolution agreement with a company (PDS), which he signed on December 22, 2021. (GE 7) There are four debts listed in the agreement, which altogether total about \$11,000. Applicant signed a bank authorization to allow PDS to debit \$340 per month. However, of the four debts alleged in the SOR, only SOR ¶ 1.d is included in the agreement. (GE 7 at 9)

In the debt resolution agreement, PDS described its contracted services as "debt negotiation and settlement," and stated its commitment to using its "best efforts when negotiating a settlement with [a client's] enrolled, unsecured creditors to obtain a lower obligation." PDS also noted, with Applicant's signed acknowledgment, that "all debts furnished by [a client] are unsecured" and that "PDS does not allow any secured debts in its program."

Applicant signed a separate agreement with PDS for legal service matters unrelated to the debt resolution agreement, which included traffic ticket defense, name change, simple wills, etc., for a separate fee of \$150 per month. No documentary proof of payments to PDS for services provided was included in evidence, and it is unclear how

long the PDS services (if any) were provided. (GE 7) There is no indication that Applicant has received financial counseling from PSD or any other entity.

Applicant completed his SCA in July 2023 and did not disclose any delinquent debts in Section 26 – Financial Record. The SOR alleges four delinquent debts totaling about \$48,000. The evidence for all SOR allegations is summarized below.

SOR ¶ 1.a (\$15,878): Applicant admitted this debt, which is an individual account opened in March 2020. The account was charged off in about 2023 after becoming 180 days past due. (GE 4) Applicant said in his Answer that he “couldn’t pay the account due to the fact [he] lost [his] job because of the pandemic.” He repeated this same statement for all debts alleged in the SOR, which are listed below. (GE 4, 5, 8; Answer) This debt is unresolved.

SOR ¶ 1.b (\$15,227): Applicant admitted this debt, which is an individual account opened in about July 2019. The account was listed as “closed” on his June 2024 credit report, which also indicated that Applicant disputed the debt following resolution. (GE 5, 8; Answer) This debt is unresolved.

SOR ¶ 1.c (\$16,667): Applicant admitted this debt, an auto loan that was charged off. (GE 8; Answer) This debt is unresolved.

SOR ¶ 1.d (\$660): Applicant admitted this debt, which is an individual account opened in November 2018. The account was charged off in about 2023 after becoming 180 days past due. The credit report indicates he also disputed the debt following resolution. (GE 4, 8) Though SOR ¶ 1.d is listed in the debt resolution agreement, there is no evidence that he paid debt. This debt is unresolved.

Applicant provided a personal financial statement dated July 7, 2024, which was included with his response to interrogatories. (GE 8) Applicant’s reported annual gross income totaled about \$118,000, including a \$84,000 salary and a combined \$34,000 for his retirement annuity and social security. Dividing by 12, his monthly gross income totaled about \$9,800. His reported monthly household expenses totaled about \$5,040, including a \$2,940 mortgage payment, which left monthly discretionary funds of about \$4,000 after expenses and taxes. (GE 8)

Applicant’s reported assets totaled about \$482,000, including: real estate (\$470,000), bank savings account (\$4,000), and stocks and bonds (\$8,092). He reported a home mortgage loan balance of \$395,678. His reported net worth is about \$86,000.(GE 8)

Applicant made a few significant purchases between 2022 and 2025, as evidenced by his credit bureau reports from June 2024 and February 2025. In June 2022, he purchased a car with a loan of about \$29,000, and he paid the full balance in October 2022. In October 2022, he purchased another car with a loan of about \$35,000, and he paid the full balance in May 2023. (GE 5, 6)

In January 2024, Applicant purchased a car with a loan of about \$60,000, for a term of 72 months, which required loan payments of \$996 per month. In January 2025, he opened an unsecured loan account with a balance of \$12,569, for a term of 60 months, which required payments of \$438 per month. (GE 5, 6)

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 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 trustworthiness 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 trustworthiness 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’s admissions and record evidence in the FORM establish the above disqualifying conditions. AG ¶¶ 19(a) and 19(c) are applicable.

Conditions that could mitigate the financial considerations trustworthiness 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;

(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), 20(c), and 20(d) are not established. Applicant's delinquent debts are recent, ongoing, and remain unresolved. He has not presented evidence of recent financial counseling, contacts with creditors, payments, payment plans, or any other evidence of efforts made to resolve his delinquent debts as to the creditors in SOR ¶¶ 1.a through 1.c. Although the agreement with PDS included SOR ¶ 1.d, no proof was provided that the debt was paid. The record evidence also shows that SOR ¶ 1.d was charged off in about 2023. Applicant also failed to establish that he initiated and is adhering to a good-faith effort to repay the delinquent debts alleged in SOR ¶¶ 1.a through 1.c. He has about \$4,000 of discretionary funds remaining each month, including savings and investments, which establishes he is financially able to pay his delinquent debts.

AG ¶ 20(b) is not fully established. Applicant attributed his financial situation to being laid off from his job in June 2020 due to the COVID-19 pandemic. Though he may have suffered a financial setback for a time, he was hired by another company shortly after being laid off, and he has been gainfully employed in his current position since 2023. There is no indication that Applicant has acted responsibly, or that he has taken meaningful steps to resolve the delinquent debts alleged in the SOR. He did not resolve the debt in SOR ¶ 1.d through PDS, and there is no evidence he sought to independently resolve the other three debts in the SOR. Applicant's evidence is insufficient to mitigate financial considerations security concerns.

AG ¶ 20(e) is not established. Although the 2023 and 2024 credit reports indicate Applicant disputed the debts in SOR ¶¶ 1.b and 1.d following resolution, he did not offer evidence to support a reasonable basis to dispute these debts.

There is insufficient evidence in the record to make a determination that Applicant's financial problems will be resolved within a reasonable period of time. I am unable to find that he acted responsibly under the circumstances or that he made a good-faith effort to pay his debts. His financial issues continue to cast doubt on his current reliability, trustworthiness, and judgment. I find that financial considerations security concerns remain unresolved despite the presence of some mitigation.

Whole-Person Concept

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. In applying the whole-person concept, an 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. 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 applied the adjudicative factors in AG ¶ 2(d). Because this case is decided on the written record, I had no opportunity to question Applicant about any of the security concerns in the case, nor did I have an opportunity to observe his demeanor and thereby assess his credibility. Thus, after weighing the disqualifying and mitigating conditions under Guideline F and evaluating all evidence in the whole-person context, I conclude Applicant failed to mitigate the security concerns raised in this case.

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.d: Against Applicant

Conclusion

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

Gatha LaFaye
Administrative Judge