



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



In the matter of:

Appearances

For Government: Patricia Lynch-Epps, Esq., Department Counsel
For Applicant: *Pro se*

12/15/2025

Decision

GARCIA, Candace Le'i, Administrative Judge:

Applicant did not mitigate the financial considerations security concern. Eligibility for access to classified information is denied.

Statement of the Case

On December 27, 2024, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing a security concern under Guideline F (financial considerations). The action was taken 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 adjudicative guidelines (AG) implemented by DOD on June 8, 2017.

Applicant submitted a response to the SOR (Answer) on January 29, 2025, and elected to have his case decided on the written record in lieu of a hearing. The Government's written case was submitted on February 27, 2025. A complete copy of the file of relevant material (FORM) was provided to Applicant on March 4, 2025, and he was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concern. Applicant received the FORM on March 12, 2025, and he responded on the same date (FORM Response). The case was assigned to me on

May 7, 2025. The Government's documents, identified as Items 1 through 8 in the FORM, and Applicant's FORM Response, are admitted in evidence without objection.

Findings of Fact

Applicant admitted the sole SOR allegation in his Answer. (Items 1-2) He is 49 years old. He married in 1995, divorced in 1999, and remarried in 2003. He has one minor child. He has owned his home since 2018. (Items 1-4)

Applicant graduated from high school in 1994. He enlisted in the U.S. military and served in the inactive reserves from 1995 to 1998. He earned a bachelor's degree in 2009 and a Master of Business Administration degree in 2013. He has worked for his current employer, a DOD contractor, since approximately 2020. (Item 3; FORM Response) He stated in his FORM Response that he is "currently federally cleared." (FORM Response)

The SOR alleges Applicant has a \$24,348 charged-off credit card. The allegation is established by his admissions in his Answer and FORM Response, his background interview with an authorized DOD investigator in April 2020, his February 2023 response to interrogatories, and credit bureau reports (CBRs) from March 2020, July 2022, and February 2025. (Answer; Items 1-8; FORM Response)

During his April 2020 background interview, Applicant indicated that he obtained this credit card from a credit union, and he used it for daily living expenses. He also indicated that he contacted the credit union in approximately 2017 to cancel the card and was told that it could be charged off and he would not have to pay the outstanding balance once. He further indicated he accepted that the card would be charged off and he believed he did not owe a balance at the time of his background interview. (Item 4)

In his February 2023 response to interrogatories and FORM Response, Applicant attributed this debt to his financial struggles at the time. He stated he and his spouse accumulated debt rapidly as they were undergoing medical treatments. He stated he obtained this credit card in approximately 2016 as an effort to consolidate those debts. He stated, "I paid off several other revolving accounts, debts and other expenses at the time," and he later closed the credit-card account at issue and left the credit union. (Item 5) He stated he accessed the closed account information in approximately 2021 and saw that he did not have an outstanding balance. He acknowledged that the debt is reported as a "Charge-Off" on his CBRs but stated that he did not pay it because he had never been contacted to do so. He also provided documentation from the credit union reflecting that, as of February 2023, the debt was reported as charged off with a \$24,348 balance, with a "closed" status. He anticipated that the debt would fall off his CBR in around 2024. (Item 5; FORM Response)

In his February 2023 response to interrogatories, Applicant maintained:

I am [at] a very different place in my life, with financial security, retirement and savings. I have reviewed laws and rules regarding payment and have elected to let this debt run its course until it falls off my credit report next year. I do not have any other credit issues and have [a] solid credit history. This does not pose any risk to my status with the DOD or any other element of my job regarding national security. (Item 5)

Applicant stated, in his Answer, that the credit-union account at issue was opened in November 2015 and "it has since been closed, charged off, and completely depreciated . . ." (Answer). He also stated, "I do not owe any payment on this debt, and it has no impact to my current financial standing." (Answer) He further stated, "This account will fall off my credit report August 2025 and will no longer exist." He maintained:

This is the same account I have had on my credit report since I started working in the federal space and have maintained [a] clearance with both [his former employer] and DOD. This account does not reflect in any way shape or form my ability to manage my finances or pose any risk whatsoever to my ability to operate with the highest integrity. (Answer)

Applicant disclosed in his February 2023 response to interrogatories that his total net monthly income was \$11,415, which included a \$615 monthly disability payment from the U.S. Department of Veterans Affairs. After paying his monthly expenses, to include his \$2,200 mortgage payment, he reported a monthly net remainder of \$2,179. He reported assets totaling \$113,000, to include \$65,000 in real estate and \$48,000 in stocks and bonds. There is no evidence in the record that he has received financial counseling. He does not have any other delinquent debts. (Item 5)

Policies

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 access to classified information 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. 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 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.

Section 7 of Exec. Or. 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* Exec. Or. 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F: Financial Considerations

AG ¶ 18 expresses the security concern pertaining to financial considerations:

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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

AG ¶ 19 describes conditions that could raise a security concern and may be disqualifying. I considered as relevant AG ¶ 19(b), an “unwillingness to satisfy debts regardless of the ability to do so,” and AG ¶ 19(c), “a history of not meeting financial obligations.” Applicant’s monthly budget reflects he has the financial means to pay his sole delinquent debt, but he has chosen not to do so. AG ¶¶ 19(b) and 19(c) apply.

Of the mitigating conditions under AG ¶ 20, I have determined the following to be relevant:

- (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;
- (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.

Circumstances beyond Applicant’s control contributed to his sole delinquent debt, but he has not provided documentation to show he made any attempts to resolve it. He did not provide sufficient evidence that he has acted responsibly under the circumstances, or that he initiated or is adhering to a good-faith effort to repay or otherwise resolve this overdue debt. He acknowledged that he owed the debt in 2020, did nothing to resolve it, and has been waiting for it to fall off his CBR, which is not responsible behavior. The debt was reported as recently as his February 2025 CBR. Merely waiting for a debt to drop off a credit report due to the passage of time is not a factor in an applicant’s favor. See, e.g., ISCR Case No. 99-9020 at 5-6 (App. Bd. Jun. 4, 2001). I find that his unwillingness to resolve his delinquent debt, despite his ability to do so, continues to cast doubt on his current reliability, trustworthiness, and judgment. AG ¶¶ 20(a), 20(b), 20(d), and 20(e) are not established.

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.

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 have incorporated my comments under Guideline F in my whole-person analysis. Overall, the record evidence leaves me with questions and doubts as to Applicant's eligibility and suitability for a security clearance. I conclude that Applicant did not mitigate the financial considerations security concern.

Formal Findings

Formal finding for or against Applicant on the allegation set forth in the SOR, as required by section E3.1.25 of Enclosure 3 of the Directive, is:

Paragraph 1, Guideline F:

AGAINST APPLICANT

Subparagraph 1.a:

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 or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Candace Le'i Garcia
Administrative Judge