



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



In the matter of:)
)
) ISCR Case No. 24-01933
)
Applicant for Security Clearance)

Appearances

For Government: Troy Nussbaum Esq., Department Counsel
For Applicant: *Pro se*

09/26/2025

Decision

GLENDON, John Bayard, Administrative Judge:

Applicant mitigated the financial considerations security concerns. Eligibility for access to classified information is granted.

Statement of the Case

On December 1, 2023, Applicant submitted, a Questionnaire for National Security Positions (Questionnaire). On December 3, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). 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.

In Applicant's December 12, 2024 response to the SOR (Answer), he admitted four of the five allegations set forth in the SOR and provided some explanatory details. He did not attach any documentary evidence. He requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge.

On January 15, 2025, the Government was ready to proceed to a hearing. I was assigned this case on July 1, 2025. On July 21, 2025, a notice was issued scheduling the hearing for August 18, 2025, by video teleconference. The hearing proceeded as scheduled. The Government proffered eight evidentiary exhibits, which I marked as Government Exhibits (GE) 1 through 8. Applicant objected to GE 5 through 8 on the grounds of relevancy. I overruled the objections and admitted GE 1 through 8 into evidence. Applicant testified but did not submit any exhibits. At his request, I left the record open until September 5, 2025, to provide him the opportunity to supplement the evidentiary record. Applicant timely emailed 12 pages of documents, which I marked and admitted without objection as AE A1 through AE A12. DOHA received the hearing transcript (Tr.) on August 25, 2025. The record closed on September 5, 2025. (Tr. at 15-22, 82-83.)

Findings of Fact

Applicant is 55 years old. He graduated high school and has taken some college courses, but he has not earned a degree. He was married four times and has divorced three times. He has been married to his current wife for the past 18 years. He has a total of seven children from his current marriage and the past marriages. Two of his three children with his current wife live with them along with a grandchild. In August 2022, applicant purchased his first home for his family. Applicant enlisted in the U.S. Army in 1987 and served until 2016, when he retired honorably as a staff sergeant. He is a 100% disabled veteran. Following his retirement, he was unemployed for over one year. He has been employed as a technician by a U.S. Government contractor since November 2023. He seeks national security eligibility in connection with his employment. (GE 1 at 5-7, 10-12, 16-17, 19-20, 22-25; Tr. at 14, 28-29, 42.)

SOR ¶ 1.a. Charged-Off Auto Loan Account (\$22,246). In the Answer, Applicant explained that this account became delinquent when he retired from the Army and had little or no income due to over a year of unemployment. He testified that he has entered into a payment arrangement with the creditor to resolve this debt. Applicant has agreed to pay the creditor \$227 per month until he had paid a settlement amount of \$5,000. He credibly testified that he has made his settlement payments every month from January 2025 through July 2025, and he intends to continue this monthly payment until he has paid the settlement amount. This debt is being resolved. (Answer at 1; Tr. at 50-58; GE 2 at 2; GE 3 at 2.)

SOR ¶ 1.b. Charged-Off Account (\$1,567). This account was for an alarm system he had installed after purchasing his current home. He wrote in the Answer that he contacted the collection agency and paid this debt when he learned about it. Applicant testified that when he initially contracted for the alarm service, he was told that he would receive much of the equipment and services for free as a military discount. He did not receive monthly bills and was surprised to receive a large bill eventually. He said he was not supposed to receive a lump-sum bill. He could not afford to pay this bill at the time. When he received the SOR, he called the collection company, and on December 10,

2024, he paid a settlement amount of \$800. This debt is resolved. (Answer at 1; Tr. at 58-63; GE 2 at 2; AE A at 1, 3-6.)

SOR ¶ 1.c. Collection Account (\$242). Applicant denied this debt in the Answer. He wrote that he is not aware of it. He wrote that he contacted the collection agency and was told that they had no accounts for collection under his name and social security number. He also wrote that the debt does not appear on his December 2024 credit report. The debt does appear on the GE 2, the Government's credit report for Applicant, dated August 22, 2024. Applicant testified that he has no debts owed to the original creditor, a car insurance company. He commented that he is still insured by that company. After the hearing, he submitted a copy of his current insurance card with that insurer. This debt is disputed, and Applicant's document evidences that there is no debt owed to this creditor or its collection agency. (Answer at 1; Tr. at 63-64; GE 2 at 2; GE 3 at 3; AE A at 10-12.)

SOR ¶ 1.d. Charged-Off Account (\$72). Applicant admitted this debt in the Answer. He wrote that it was for a credit-repair subscription he had at one time. He advised that he contacted the company and paid the debt. After the hearing, Applicant provided a copy of his money order receipt, dated December 11, 2024, in the amount of \$72.00, payable to the creditor. This debt is resolved. (Answer at 1; Tr. at 64-66; GE 2 at 2; GE 3 at 3; AE A at 1, 8.)

SOR ¶ 1.e. Balance Due on Repossessed Auto Loan Account (\$11,177). Applicant admitted this debt in the Answer. He wrote that he voluntarily surrendered this vehicle after it proved to be a "lemon." The vehicle was subsequently sold, and the debt was reduced to \$2,500. He had reached a settlement with the creditor to pay it \$2,400. However, he subsequently decided that he would not pay the settlement given all of the circumstances of the loss he suffered in purchasing a vehicle with so many defects. (Answer at 1-2; GE 2 at 3; GE 3 at 3.)

Applicant explained the history of this debt at the hearing. He purchased the vehicle used and paid for a 24-month warranty. The warranty covered several repairs that were required over the first few months of his ownership. Then a computer part failed, and the warranty did not cover the repair. Applicant became frustrated with this situation. He paid \$8,000 for the vehicle, and it was in the shop being repaired more than when it was functional. The repair estimate for the computer part was more than \$7,000. He returned the vehicle to the seller after owning it for just four or five months. With respect to the seller's settlement offer of \$2,400, Applicant has not paid it and now believes he should not pay it. In essence, he disputes this debt. However, he has not documented his dispute. (Tr. at 66-72.)

Whole-Person

Applicant has served our country as a soldier and worked as a civilian DOD contractor for most of his life. As a civilian DOD contractor employee, he has received monetary awards for his professional service. He is currently responsible for millions of dollars of DOD equipment, and he has never had a problem. He testified that his

performance evaluations are all excellent. In the Army, he was a supply sergeant. He is proud of his record of accountability, both as to equipment and sensitive information. (Tr. at 73-74; GE 6 at 3.)

Department Counsel introduced a copy of a March 7, 2022 Statement of Reasons (2022 SOR) issued by the Department of Defense Consolidated Adjudications Facility. The 2022 SOR lists, *inter alia*, six delinquent debts under Guideline F, totaling \$19,681. Only one of the debts are listed on the SOR in the instant proceeding, *i.e.*, the debt alleged in SOR ¶ 1.a. In his March 24, 2022 response, Applicant wrote that he contacted this creditor, and it had offered him a settlement. The 2022 SOR was never adjudicated. (GE 5 at 5; GE 6 at 2.)

Department Counsel also introduced an August 4, 2014 Statement of Reasons that alleged under Guideline F 26 delinquent debts, totaling about \$30,000. He also introduced a docket sheet of a voluntary Chapter 7 proceeding initiated by Applicant in 1998. The docket sheet reflects that Applicant was granted a full discharge of his debts in January 1999. The schedule of the debts was not attached to the exhibit. Applicant testified that he was young and “a little bit dumb, divorced, and reckless in those days.” (Tr. at 38; GE 7 at 3-4; GE 8 at 1-2.)

Applicant argued that he has shown his responsibility and maturity by qualifying to buy his first home and to buy a car recently. He is no longer the person he was when he was younger and not financially responsible. He concedes that his financial record is not perfect and that he is not perfect, but on balance, he has matured and is highly reliable as an employee. (Tr. at 78-79.)

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 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(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.”

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 sensitive 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 sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive 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 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 guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable in this case:

- (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.

The Government established the existence of the five delinquent consumer accounts alleged in the SOR. AG ¶¶ 19(a), 19(b) and 19(c) apply.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable in this case:

(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 has 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 bears the burdens of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his debt-resolution efforts or required to be debt-free. "Rather, all that is required is than an applicant act responsibly given his circumstances and develop a reasonable plan for repayment, accompanied by 'concomitant conduct,' that is, actions which evidence a serious intent to effectuate the plan." ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017). See, e.g., ISCR Case No. 13-00987 at 3, n.5 (App. Bd. Aug. 14, 2014).

Applicant credibly testified that his largest debt, SOR ¶ 1.a, became delinquent during the period following his retirement from the Army in 2016 when he was unemployed for over one year. This debt arose under an unusual circumstance and for reasons beyond his control. His efforts to resolve the debt were not timely, but he has now taken action to resolve this debt with settlement payments over time. He has made the first seven payments. AG ¶¶ 20(a) and 20(b) have partial application to this debt.

AG ¶ 20(d) has been established with respect to the debts alleged in SOR ¶¶ 1.b and 1.d. Both debts have been resolved.

AG ¶ 20(e) has been fully established with respect to the debt alleged in SOR ¶ 1.c. Applicant has documented that he is currently doing business with the original creditor with whom he is alleged to have an unsatisfied debt. If the debt was unresolved, his insurance would have cancelled his policy. The debt in SOR ¶ 1.e has not been formally disputed, either in the Answer or with the creditor. In fact, Applicant had a tentative settlement with the creditor, which he has since renounced. He views this debt as unfair under the circumstances of the poor condition of the used vehicle he purchased, and the inapplicability of the 24-month warranty he purchased with the vehicle to an expensive repair. The repair cost for this breakdown was almost equal to the purchase price of the vehicle. I view the record on this debt as establishing that it is in essence a debt that Applicant disputes. Applicant has not documented the dispute, however, rendering AG 20(e) only partially applicable.

The record contains no evidence of Applicant receiving any financial counseling. Accordingly, AG ¶ 20(c) has no application.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for a position of trust 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 have considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have given serious consideration to Applicant's lengthy and very poor record of financial responsibility, as demonstrated by the Government's evidence. I have also considered the very different situation that Applicant is presently experiencing. He has established sufficient financial responsibility to be able to obtain credit to purchase his first home for his family. Also, the number and total amount of the debts in the present SOR is of a totally different nature than his past problems with his finances. The two

material debts in the SOR arise from problems with vehicles he purchased. He has partially mitigated the issue raised by the debt alleged in SOR ¶ 1.a. If he had documented his payment plan and payments, that debt would be fully mitigated. As discussed above, the debt alleged in SOR ¶ 1.e is in reality a disputed debt, and he has sound grounds to dispute it. Again, he only partially mitigated this issue due to the lack of supporting documentation. The other SOR debts have either been paid or shown to be an error. Perhaps the most significant whole-person evidence in this case is Applicant's decades of service to the United States, first as a soldier and now as a DOD contractor. I have also given weight to the sacrifices he has made serving in the Army, which are most dramatically demonstrated by his 100% disability rating by the Department of Veterans Affairs. His committed service over decades fills any gaps in his documentary presentation and adds important credibility to his testimony. Overall, the record evidence leaves me without questions or doubts as to Applicant's suitability for national security eligibility and a security clearance.

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 through 1.e:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is clearly consistent with the interests of national security to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is granted.

JOHN BAYARD GLENDON
Administrative Judge