



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



Appearances

For Government: Cassie L. Ford, Esq., Department Counsel
For Applicant: *Pro Se*

11/25/2025

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 August 1, 2023. On November 26, 2024, 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.

Applicant timely answered the SOR and requested a decision based on the written record in lieu of a hearing. On May 16, 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 14. 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 June 24, 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 8, 2025, and assigned to me on November 18, 2025.

Evidentiary Matters

Items 1 - 4 contain the pleadings in the case and are part of the record. Items 5 through 14 are admitted into evidence.

Findings of Fact

Applicant, age 52, is an employee of a DOD contractor who is seeking a security clearance. He has been employed by the DOD contractor since September 2012. He served on active duty in the United States Air Force from April 1993 to August 2000. He separated with an honorable discharge. He has a high school diploma. He is currently single and has no children. (Item 5)

The SOR alleged nine delinquent accounts, an approximate total balance of \$24,551. The SOR also alleged that Applicant was issued a previous SOR on July 24, 2014. The July 2014 SOR alleged \$19,613 in delinquent consumer debts and delinquent tax filings. He also allegedly failed to disclose his delinquent debts on his security clearance application. The case was closed on January 22, 2015, because Applicant failed to respond. (SOR ¶ 1.j: Items 11, 12, and 13)

The current SOR debts include a \$13,097 motorcycle loan that was charged off (SOR ¶ 1.a); a \$3,994 delinquent account that was placed for collection (SOR ¶ 1.b); a \$2,607 delinquent account that was charged off (SOR ¶ 1.c), a \$1,833 delinquent account that was placed for collection (SOR ¶ 1.d); a \$1,557 delinquent medical account that was placed for collection (SOR ¶ 1.e); a \$477 delinquent account that was charged off (SOR ¶ 1.f); a \$462 delinquent credit card account that was placed for collection (SOR ¶ 1.g); a \$365 delinquent account that was placed for collection (SOR ¶ 1.h); and a \$159 insurance account that was placed for collection (SOR ¶ 1.i).

In his response to the SOR, Applicant denied the \$365 debt alleged in SOR ¶ 1.h. He claims it was paid off. He provided a copy of a payment agreement with the creditor in his answer to DOHA interrogatories in 2024. In a statement from the creditor, dated May 18, 2024, he agreed to make \$50 payments over a certain amount of time. The payment agreement does not say how long he is required to make the monthly payments. It does indicate that he made three previous payments of \$89 on April 2, 2024, \$50 on April 11, 2024, and \$50 on May 11, 2024. (Item 6 at 22-23) The debt is no longer listed on the most recent credit report, dated May 15, 2025. (Item 10) I find there is sufficient evidence to conclude Applicant settled the debt alleged in SOR ¶ 1.h. This allegation is found for Applicant.

Regarding his largest debt, the \$13,097 motorcycle loan (SOR ¶ 1.a), Applicant said that he attempted to return the motorcycle to the dealer when he was diagnosed with cancer out of concern that he would not be able to make the payments. He said the dealership told him to attempt to sell the motorcycle, but he was unable to sell it. Credit reports indicate the motorcycle was repossessed and the loan was foreclosed. (Item 4) Applicant also indicated that he was preparing to pay off the debts alleged in SOR ¶¶ 1.f; 1.g, and 1.i.

Applicant also admitted that he was denied a security clearance on January 22, 2015, for failing to respond to an SOR that was issued in July 2014, which alleged a total of \$19,613 in consumer debts. (SOR ¶ 1.j) He explained in his response to the current SOR that he was not aware that he was required to answer the 2014 SOR. He claims the instructions were unclear and the investigator conducting his background investigation was not very good. (Item 4)

During a September 2023 interview by an investigator conducting his background investigation, Applicant indicated that he incurred a lot of medical bills during his cancer treatment. He chose to prioritize paying his medical bills over other bills, because he was afraid that he would be denied treatment if he owed any medical bills. He had recently completed medical treatment and was taking steps to resolve his debts. He hoped to resolve all debts within 12 months. He said he lives within his means and is able to pay all of his debts now that his cancer treatment is over. (Item 14 at 3)

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.i. The total approximate balance of the delinquent debt is \$24,551. The largest debt is the \$13,097 charged-off motorcycle loan alleged in SOR ¶ 1.a. The remaining delinquent debts total approximately \$11,454. AG ¶¶ 19(a) and 19(c) also apply to Applicant's prior financial troubles that were alleged in SOR 1.j. While the SOR was issued over 11 years ago, it shows that he encountered financial issues even before his cancer diagnosis. He had a history of not meeting financial obligations.

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 in 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 Applicant was diagnosed with cancer in approximately 2022. His cancer treatment likely added an additional financial burden, but there is insufficient information in the record about his cancer treatment. His cancer diagnosis was a circumstance beyond his control. However, this mitigating condition is given little weight because there is insufficient information to conclude Applicant acted responsibly under the circumstances. He told an investigator in September 2023, that his cancer treatment ended and he was now able to start resolving his delinquent accounts. He provided no proof that he attempted to resolve any of the delinquent accounts alleged in the SOR aside from the debt alleged in SOR ¶ 1.h. More than two years have passed since this interview.

AG ¶ 20(d) applies with respect to the debt alleged in SOR ¶ 1.h because there is sufficient circumstantial evidence to conclude Applicant resolved this debt.

None of the remaining mitigating conditions apply. All of the remaining debts alleged in the SOR remain unresolved. Applicant provided no documentation about the status of any of the delinquent debts alleged in the SOR. He provided no proof that any payments were made towards any of the debts, such as receipts from the creditor, copies of bank statements or cancelled checks. 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 13 years of

employment with a DOD contractor as well his seven years of honorable active-duty service in the United States Air Force. I considered his cancer diagnosis. I also considered that Applicant failed to provide evidence of his efforts to resolve his delinquent accounts alleged in the current SOR. 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**

Subparagraphs 1.a – 1.g, 1.i-1.j: Against Applicant

Subparagraph 1.h: For 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