



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



## **Appearances**

For Government: Nicole A. Smith, Esq., Department Counsel  
For Applicant: *Pro se*

12/22/2025

## 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 November 14, 2024. On February 26, 2025, the Department of Defense (DOD) issued a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant received the SOR on March 10, 2025, answered it on April 8 2025 (Answer), and elected to have his case decided on the written record in lieu of a hearing. The case was assigned to me on November 18, 2025.

The Government's written case was submitted on May 6, 2025. A complete copy of the file of relevant material (FORM) was provided to Applicant, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on June 26, 2025 and did not respond.

## **Evidence**

Government Exhibit (GE) 1 and GE 2 consist of the SOR and Applicant's Answer, which are the pleadings in the case. GE 3 through GE 7 are admitted in evidence without objection. Applicant's evidence submitted with his Answer has been relabeled as Applicant Exhibit (AE) A for ease of reference in this decision.

## **Findings of Fact**

In his Answer, Applicant admitted all debts alleged in the SOR (¶¶ 1.a through 1.g). His admissions are incorporated in my findings of fact. After thorough review of the evidence, I make the following additional findings of fact.

Applicant is 32 years old. He earned his high school diploma in June 2011 and enlisted in the active duty Air Force in April 2012. He was medically discharged from the Air Force after serving honorably for three years. He enrolled in college in May 2015, and earned his associate and bachelor's degrees from the same college in 2017 and 2019, respectively. He married in 2013, and has two children, ages 9 and 7. (GE 3, 4)

Applicant has worked as a cyber systems engineer for a defense contractor since September 2019. He was previously unemployed from August 2018 to September 2019, while finishing his bachelor's degree. He worked as an armed security guard from June 2017 to August 2018, before leaving the position to focus on his studies and to help care for his newborn. He was unemployed again from May 2015 to June 2017 following his discharge from the Air Force. He said it took time for his disability pay to start and that he was also attending college at the time. (Answer, GE 3, 4)

Applicant said he received his first secret security clearance while serving in the Air Force. He completed his most recent SCA in November 2024. In Section 26 – Financial Record, he listed several delinquent debts, including a debt for \$11,706 (SOR ¶ 1.a), \$4,197 (SOR ¶ 1.b), and \$622 (SOR 1.c). He also listed other debts that were either paid or not alleged in the SOR. (GE 3 at 30-35, GE 4) He attributed his debts to:

[A] rough time my family went through to get to a better life, and a bad decision on buying our first house without understanding the full price of owning a home. I have fixed both those problems by selling the house and getting a degree and a great job to lift us out of poverty. (Answer)

Applicant has been gainfully employed, working as a cyber systems engineer for a defense contractor for over six years. He earns a solid professional salary sufficient to be described as "a great job to lift us out of poverty," though he did not disclose how much he earns. He did not disclose whether he receives bonuses or participates in his employer's 401(k) retirement plan. No information was provided about his monthly budget, checking and/or savings accounts balances, or other financial information on assets or debt obligations.

The SOR alleges seven delinquent debts totaling about \$43,500, supported by Applicant's admissions and statements in his SCA, his background interview, two credit bureau reports (CBRs), and a court default judgment (GE 3 - 7).

The evidence regarding the SOR allegations is summarized below:

SOR ¶ 1.a alleges a delinquent debt of \$11,706 related to a private military housing rental. Applicant admitted the debt but disputed the amount. Applicant and his pregnant wife rented the apartment in October 2019, and moved out of the apartment two months later due to conditions in the apartment that made it uninhabitable. Though the apartment units were new, he said the walls were thin, neighbors were very loud, and everything was breaking. He said a door fell on his wife and she had a miscarriage shortly afterwards. The property managers agreed to release them from the lease agreement, conditioned on them signing a nondisclosure agreement (NDA) by a certain date. (Answer; GE 4 - 6)

Applicant said he signed the agreement, but his wife was unable to sign because she was in the hospital due to a miscarriage, and property managers would not allow her to sign remotely. He submitted a draft copy of the NDA he said he signed. He disputed the amount the property managers charged as indicated in his 2024 CBR, and requested a detailed itemization, stating his monthly rent was only \$2400 and the alleged charge was excessive. He said the property managers never provided the requested proof but said he is willing to pay the debt upon satisfactory proof of the amount owed. He has not made any payments on the debt. (Answer; GE 4, 5, 6)

SOR ¶ 1.b alleges a delinquent debts of \$4,197 related to another private military rental unit, which Applicant admitted. He said property managers switched his account to a month-to-month rental and increased the price \$400 per month after he was discharged from the Air Force. He could not afford the payment, and he moved. His disability pay was two months late and he did not receive enough to pay rent. He and his wife were donating blood weekly for money to add funds to the budget. No payments have been made on the debt, and there is no agreement with the creditor, though Applicant said he plans to pay the debt. The debt is supported by the 2024 CBR and his background interview. (Answer; GE 4, 5)

SOR ¶¶ 1.c (\$622), 1.d (\$192), and 1.e (\$175) allege delinquent consumer debts, which Applicant admits and says he has not paid. No payments have been on any of these debts, nor has Applicant set up payment arrangements with the creditors. All three debts are supported by evidence in the 2023 and 2024 CBRs. (Answer; GE 4, 5, 6)

SOR ¶ 1.f alleges a delinquent debt \$16,160, which is the unpaid balance on a car that was repossessed and sold. Applicant admitted this debt, a consumer loan for a 2014 Ford Escape. He fell behind on payments as he waited for his disability pay to start following his discharge from the Air Force. He had also purchased a home during this period. He said he could not afford payments, claimed the creditor would not work with him to reduce payments, and the car was repossessed and sold. (Answer; GE 4, 5, 6)

SOR ¶ 1.g alleges a delinquent debt of \$10,670, for a judgment filed against Applicant in about 2021. He admits to purchasing an expensive car overseas, but said he never received notice of this case filed against him. He has not made any payments on the debt, nor does he have a repayment agreement with the creditor. He said he plans to pay the debt. (Answer; GE 7)

Applicant repeatedly claimed he was waiting for a legal settlement for a medical claim against a company that provided earplugs to military personnel. He said he plans use some of the money to pay some of the debts alleged in the SOR. No specific information was provided about the settlement he claims he will receive in the future. Applicant's evidence did not identify any actions that have been taken to pay or otherwise resolve the debts alleged in the SOR. (Answer; AE A)

## 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 the evidence in the record establish the disqualifying conditions listed above. AG ¶¶ 19(a) and 19(c) apply.

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; 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.

None of the above mitigating conditions are established to mitigate the financial considerations security concerns in this case. Applicant has had longstanding financial issues. His delinquent debts are recent, ongoing, and unresolved. While there were periods of unemployment before 2019, he has been gainfully employed since September 2019, earning a professional salary. He has failed to take action to address the debts alleged in the SOR despite the age of some of these debts. There is no evidence in the record that he has received or is receiving counseling for his financial problems from credible sources.

Applicant's evidence and statements about the debt alleged in SOR ¶ 1.a, however, raises questions about the legitimacy of the debt. The new apartment he rented was unsuitable for his pregnant wife, who suffered a miscarriage shortly after she was hit by a door that dislodged in their apartment and fell on her. Applicant timely signed the NDA to be released from the rental agreement, but his wife was in the hospital and unable to sign the agreement because the property managers would not allow a remote signature. The property managers also failed to provide a detailed itemization of the charges. SOR ¶ 1.a. is mitigated under AG ¶ 20(a).

Overall, I am unable to find that Applicant acted responsibly with respect to all of the debts alleged in the SOR, 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 in this case.

## **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). 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
Subparagraph 1.a:	For Applicant
Subparagraphs 1.b – 1.g:	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