



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



In the matter of:

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ISCR Case No. 24-01730

Applicant for Security Clearance )

**Appearances**

For Government: John Renahan, Esq., Department Counsel  
For Applicant: Pro se

03/21/2025

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**Decision**

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LOKEY ANDERSON, Darlene D., Administrative Judge:

**Statement of the Case**

On January 30, 2024, Applicant submitted a security clearance application (e-QIP). On October 18, 2024, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCSA CAS) issued Applicant a Statement of Reasons (SOR), detailing security concerns under Guideline F, Financial Considerations. The action was taken under Executive Order 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 *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AG), effective within the DoD after June 8, 2017.

Applicant answered the SOR on October 29, 2024, and requested a hearing before an administrative judge. The case was assigned to me on December 18, 2024. The Defense Office of Hearings and Appeals issued a notice of hearing on January 27, 2025, and the hearing was convened as scheduled on March 5, 2025. The Government offered four exhibits, referred to as Government Exhibits 1 through 4, which were admitted without objection. The Applicant called one witness and offered seven exhibits, referred to as Applicant's Exhibits A through G, which were admitted without objection. The record remained opened until close of business on March 12, 2025, to allow Applicant the opportunity to submit additional supporting documentation. Applicant submitted eight documents, referred to as Applicant's Post-Hearing Exhibits A through H, which were admitted without objection. Applicant testified on his own behalf. DOHA received the transcript of the hearing (Tr.) on March 17, 2025.

### **Findings of Fact**

Applicant is 23 years old and never married, has no children, and resides with his parents. He has a high school diploma and a Certification in General Electricity. He holds the position of Electrical Technician/Engineer for a defense contractor. He seeks to obtain a security clearance in connection with his employment in the defense industry.

The SOR alleges that Applicant has six delinquent debts totaling approximately \$16,771, consisting of a vehicle repossession and other consumer debt. In his Answer to the SOR, dated October 29, 2024, Applicant admits each of the allegations and provides explanations. Credit reports of the Applicant dated March 23, 2024; and December 10, 2024, reflect that each of these debts were at one point owing. (Government Exhibits 3 and 4.)

Applicant began working for his current employer in March 2024. He applied for a security clearance for the first time on January 30, 2025. Prior to this employment, he held several part-time and full-time jobs, but none of them were directed towards a career. Applicant decided to go back to school to obtain his certification in electricity and pursue a career in a field he enjoys. He attributes his financial difficulties to bad financial decisions coming out of high school. At that time he did not have the maturity to understand how to budget his money. He used poor judgment and opened credit lines that he should not have and purchased things that were not necessary. As the years have passed, he has matured, and he now realizes that his credit standing is critically important.

Applicant explained that the nature of his work is such that although it is a full-time job, there are times when he may not have an assignment, and thus, he does not get paid. Also, the job often requires him to travel outside the state. Currently, because he does not have a security clearance, he is escorted by a cleared individual into and around secured facilities in order to do his work. He explained that in January and

February 2025, work was very slow, and he did not earn as much money as he normally would. Since then, work has substantially picked up and he is staying very busy.

Applicant sought out on-line credit counseling to learn how to properly resolve his debts and to maintain financial responsibility. He has already paid off three of his debts and is making regular monthly payments toward resolving the other three.

The following delinquent debts set forth in the SOR were of security concern:

Allegation 1.a., is a delinquent debt owed to a creditor in the approximate amount of \$13,260 for the balance due on a vehicle that was repossessed. In 2020/2021, Applicant financed a used vehicle for \$23,000. He made the payments of \$455 each month for about two years before the car started having engine problems and then ultimately became inoperable. After repairing it several times, which became expensive while still making the monthly payments, he found it impossible to continue to keep. In 2023, Applicant stopped making payments on the car and voluntarily had it repossessed. The bank financing the car offered the Applicant the opportunity to extend his car loan to obtain money to buy a new engine for the car, but Applicant declined their offer. He did not want to get into further in debt. (Tr. p. 40.)

Applicant explained that it was about this time that he was not getting enough work hours, and this reduced his income. He had been giving his mother \$500 monthly to help with the rent, which he had to stop doing. He was simply not earning enough to cover all of his expenses. However, he continued to pay his car insurance during this period, because it was in his mother's name. (Tr. pp. 37-39.)

On October 24, 2024, Applicant contacted the creditor and set up a debt repayment plan. Right off the bat they reduced his debt to \$10,700 and agreed on a monthly payment plan of \$100. Applicant stated that when he works more, he will pay more towards the debt to resolve it sooner. The payment plan started on October 25, 2024, with regular monthly payments of \$100 to continue until the debt is paid in full. Applicant missed his January payment, due to low work hours, but resumed his payments in February. He will continue to make all required monthly payments going forward. (Applicant's Exhibit A, and Applicant's Post-Hearing Exhibit A.)

Allegation 1.b., is a delinquent debt owed to a creditor on an account that was charged off in the approximate amount of \$1,900. This was a line of credit Applicant opened at a jewelry store. In 2021/2022, Applicant purchased a pendant for a necklace his mother gave him that was his grandmother's, who had recently passed away. Applicant initially made regular payments each month as required between \$50 and \$100 until sometime in 2023, when he could no longer afford to do so. In October 2024, Applicant contacted the creditor and set up a debt repayment plan. The creditor told him that he only owed \$1,200 on the debt. Applicant resumed payments of \$100 each month that he will pay the creditor until the debt is paid in full on September 24, 2025. (Applicant's Post-Hearing Exhibit B.)

Allegation 1.c., is a delinquent debt owed to a creditor for an account that was placed for collection in the approximate amount of \$515. This was a line of credit Applicant opened to purchase Christmas presents for his family, which may have been for clothes or electronics. On October 22, 2024, Applicant contacted the creditor and settled the debt in full for \$257.95. The account has a zero balance. (Applicant's Exhibit C, and Applicant's Post-Hearing Exhibit C.)

Allegation 1.d., is a delinquent debt owed to a creditor for an account that was charged off in the approximate amount of \$539. In 2019/2020, this was a line of credit Applicant opened to purchase a bracelet for \$840. This purchase was split between two different creditors. The other creditor is listed in allegation 1.f. On October 22, 2024, Applicant initially agreed to settle the debt for \$292.37 by November 24, 2024. He was not unable to comply with the agreement and contacted the creditor to set up a monthly payment plan. On March 3, 2025, a payment plan started requiring him to pay \$44.30 each month for 11 months to resolve the total amount owed of \$292.37. Applicant plans to follow the agreement, and the debt will be paid in full by November 21, 2024. (Applicant's Exhibit D, and Applicant's Post-Hearing Exhibit D.)

Allegation 1.e., is a delinquent debt owed to a creditor for an account that was placed for collection in the approximate amount of \$237. This was a line of credit Applicant opened. Applicant contacted the creditor to negotiate a settlement. He settled the debt in full on October 22, 2024, for \$128. The account has a zero balance. (Applicant's Exhibit E, and Applicant's Post-Hearing Exhibit E.)

Allegation 1.f., is a delinquent debt owed to a creditor for an account that was charged off in the approximate amount of \$300. This was a line of credit Applicant opened to purchase the bracelet in allegation 1.d. The purchase was split between two different creditors. The other creditor is listed in allegation 1.d. Applicant contacted the creditor and they reduced Applicant's balance on the account to \$73.05. On October 24, 2024, Applicant paid the balance due of \$73.05 and resolved the debt completely. The account now has a zero balance. (Applicant's Exhibit F, and Applicant's Post-Hearing Exhibit F.)

A Department of Defense employee, who is older and more experienced than the Applicant, holds a security clearance, and works with the Applicant, testified that he has known Applicant for about a year. He stated that they support the same team, and work on numerous projects together for the Department of Defense. He described the Applicant as honest, dependable, and reliable. He also stated that Applicant is heavily relied on to conduct work in the field for the Navy and Marine Corps and he does so responsibly. He knows about Applicant's financial mistakes of the past, and that Applicant is actively working to repair those issues. He also knows that Applicant was younger and immature and used poor judgment when he opened up lines of credit and purchased things he did not need. But since starting his work for the defense contractor, Applicant has demonstrated maturity and is directing his focus at resolving his delinquent debts. He strongly recommends Applicant for a security clearance. (Tr. pp. 22-27.)

A letter of recommendation dated March 4, 2025, from a program manager who works with the Applicant, and has known him for about a year, attests to his dependability, trustworthiness, and technical expertise. He describes Applicant as a highly skilled professional who approaches every task with a high level of commitment, reliability, and attention to detail. He states that Applicant never misses a deadline and always ensures that his work is of the highest quality. This program manager has had the opportunity to witness the Applicant's ability to handle sensitive information, and states that Applicant does so with discretion and integrity, making Applicant someone that he would not hesitate to rely on in any situation. He further states that Applicant brings a wealth of knowledge and skill to every project, and his expertise in this area has made him an invaluable asset to their team. (Applicant's Post-Hearing Exhibit G.)

Although Applicant's student loan debt was not alleged in the SOR, he submitted documentation to show that they are currently in administrative forbearance, and in good standing. (Applicant's Post-Hearing Exhibit H.)

## Policies

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines (AG). 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 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, 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 protect or 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 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, as follows:

Failure or inability 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 information. An individual who is financially overextended is at risk of having to engage in illegal acts to generate funds.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. Two are potentially applicable in this case:

- (a) inability or unwillingness to satisfy debts; and
- (c) a history of not meeting financial obligations.

In the past, Applicant exercised poor judgment and made bad financial decisions. He opened credit lines to purchase things he could not afford. As a result, he became

delinquently indebted, and the accounts were either placed for collection or charged off. The evidence is sufficient to raise the above disqualifying conditions.

Four Financial Considerations Mitigating Conditions under AG ¶ 20 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, or 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
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

In the past, Applicant has been employed but has experienced periods where his earnings were not sufficient to live on. In addition, he has opened credit lines and spent beyond his means. He has learned a tough lesson from this experience. Since March 2024, when he was hired by a defense contractor, he has learned that he must demonstrate maturity and responsibility in all areas of his life including his finances. He has changed his ways to demonstrate this responsible. He now understands the importance of maintaining financial responsibility and what the requirements are to be eligible for a security clearance. He realizes that his employer pays him more now than he has ever earned before, and his employment is more stable now than it has ever been. He enjoys his work and now has a career. However, due to the nature of his work, there still may be times in the future when he may not have consistently work and may not be earning income. He now understands that he must be prepared for those down times. He testified that to supplement his income during low work periods, he will drive Uber to avoid missing his financial obligations.

Applicant has taken an on-line credit counseling class to become more aware of how to maintain financial responsibility. To resolve his current delinquent debts, Applicant has contacted each of his creditors and either paid them off or has set up a payment plan that he is following. Under the circumstances, Applicant has acted in a reasonable and responsible manner. He has shown good judgment, trustworthiness

and reliability. There are clear indications that his financial indebtedness is being resolved and is under control. Applicant has demonstrated a good-faith effort to resolve his debts and has demonstrated that future financial problems are unlikely. AG ¶ 20 provides full mitigation. The Financial Considerations concern has been mitigated.

### **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 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 considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under that guideline, but some warrant additional comment. Applicant has shown maturity and responsibility. He has learned from his past mistakes and understands the responsibilities involved in possessing and maintaining a security clearance. He has shown the requisite good judgment, reliability, and trustworthiness required of this privilege.

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant has mitigated the Financial Considerations security concern.

### **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.f

For Applicant

### **Conclusion**

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

Darlene Lokey Anderson  
Administrative Judge