



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



In the matter of:

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ISCR Case No. 23-02540

Applicant for Security Clearance)

Appearances

For Government: William H. Miller, Esq., Department Counsel

For Applicant: *Pro se*

09/05/2025

Decision

PRICE, Eric C., Administrative Judge:

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

Statement of the Case

On July 28, 2022, Applicant submitted a security clearance application (SCA). On August 6, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued to Applicant a Statement of Reasons (SOR) detailing security concerns under Guideline F (financial considerations). The DCSA acted under 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) promulgated in Security Executive Agent Directive 4 (SEAD 4), *National Security Adjudicative Guidelines* (December 10, 2016), for all adjudicative decisions on or after June 8, 2017.

Applicant responded to the SOR (Answer) on August 27, 2024, and requested a hearing before an administrative judge. The case was assigned to me on April 1, 2025.

On May 27, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice scheduling the hearing via video teleconference.

I convened the hearing as scheduled on July 10, 2025. Department Counsel offered Government Exhibit (GE) 1 through GE 7. Applicant testified and offered Applicant Exhibit (AE) A and AE B. The record was held open to permit Applicant to submit additional documentary evidence. He timely submitted AE C through AE M. There were no objections to the proffered exhibits and GE 1 through GE 7, and AE A through AE M were admitted in evidence. DOHA received the hearing transcript (Tr.) on July 21, 2025, and the record closed on August 27, 2025. (Tr. 15-19; Hearing Exhibit (HE) I-IV)

Findings of Fact

The SOR alleges four delinquent accounts totaling \$25,485. (SOR ¶¶ 1.a-1.d) In his Answer to the SOR, Applicant admitted the allegations in SOR ¶¶ 1.a-1.c, with explanations, and denied SOR ¶ 1.d. His admissions are incorporated in my findings of fact. (Answer)

Applicant is a 41-year-old senior staff engineer employed by a defense contractor since June 2023. He has worked in various engineering positions for federal contractors since 2006, except from June 2009 to July 2013, when he was a federal civilian employee. He has held a security clearance since 2006. (GE 1; Tr. 9, 19-26, 52-53)

Applicant earned a bachelor's degree in 2006 and a master's degree in 2010. He is twice divorced, most recently in December 2024 and previously in April 2016. He married for the third time in March 2025. He has one child with a former spouse, age 7, and four stepchildren and one child with his current spouse, ages 3, 6, 9, 12, and 23. (GE 1; AE A; Tr. 19-30, 52-54)

Applicant attributes his financial problems to a vehicle loan for his former spouse's friend, his July 2021 separation and December 2024 divorce from a substance-abusing spouse, and to following his attorney's advice to not make payments on shared debts while separated from his former spouse. He also attributes his financial problems to \$1,800 in monthly child support and to about \$600 in monthly financial support he provides to his parents including for medical expenses. He has been paying off smaller debts first in accordance with financial counseling he received in 2013. He acknowledges that he should have taken more timely action to rectify the delinquent debts alleged in the SOR and said he will take immediate action to mitigate any future issues. (GE 1 at 45-46, GE 2; AE C, AE H, AE L-M; Tr. 19-34, 56-86)

The evidence concerning the specific SOR allegations is summarized below.

SOR ¶ 1.a: auto loan charged off for about \$6,620. Applicant admitted the allegation explaining this was a joint auto loan with his former wife that resulted in repossession. He testified that he stopped making loan payments when he and his wife separated in 2021, on advice of counsel, because it was her vehicle. His former wife apparently made some payments on this loan until October 2023. He said he had been

communicating with the creditor for several months to establish a payment plan and understood that he was responsible for this debt. The deficiency balance due after the vehicle sold at auction was \$3,692. (Answer; Tr. 20-31, 35-38, 61-67)

Credit reports from June 2023, September 2024 and May 2025 show this joint loan account was opened in March 2021, that the last payment was made in October 2023, that it was charged off for \$20,969, and that it was past due for \$6,620, \$3,692, and \$3,692, respectively. (GE 5 at 1, GE 6 at 1, GE 7 at 1) Applicant submitted records showing he contacted or attempted to contact the creditor 14 times in June and July 2025. (AE D) On August 25, 2025, he submitted proof of a \$300 payment to the creditor he characterized as "1 of 12 payments to [the creditor]." (AE C, AE F)

SOR ¶ 1.b: auto loan charged off for \$12,182. Applicant admitted the allegation explaining that he co-signed an auto loan for his former wife's friend in 2018. His former wife's friend was to make the loan payments but apparently stopped after the then-uninsured vehicle was totaled in an accident in 2019. Applicant first learned the account was delinquent during the divorce proceedings in 2022 or 2023. He initially felt that his former wife or her friend should be responsible for the debt and delayed any action pending resolution of marital debt in his divorce proceedings. In December 2023, he informed a DOHA Department Counsel that the creditor would settle for about \$7,300. At hearing, he stated his intent to pay the debt because he co-signed the loan. (Answer; Tr. 20-25, 38-39, 58; GE 4 at 3)

Credit reports from June 2023, September 2024 and May 2025 show this individual loan was opened in August 2018, that the last payment was made in February 2020, that it was charged off for \$12,934, and was past due for \$12,182. (GE 5 at 1, GE 6 at 1, GE 7 at 1) On July 16, 2025, the creditor informed Applicant that the debt was uncollectable because of its age and that he could renew the debt and the statute of limitations by entering an agreement or making a payment. (AE E) In the same letter the creditor confirmed a settlement amount of \$6,091 that required 12 monthly payments. Applicant authorized and made the initial monthly payment of \$507 in July 2025. (AE C, AE E-F)

SOR ¶ 1.c: credit collection account for \$5,465. Applicant admitted the allegation explaining that this debt was for an apartment lease he had with his former wife and that it had not been paid pending resolution of marital debt in their divorce proceedings. He testified the debt was resolved in February 2025 after he made three payments totaling \$2,500. (Answer; Tr. 20-25, 39-42, 57-58) Credit reports from June 2023, September 2024 and May 2025 show this joint account was opened or assigned for collection in August 2022, as in collection for \$5,465, last paid in January 2025, and as settled for less than full balance. (GE 5 at 2, GE 6 at 4-5, GE 7 at 1-2) This debt is resolved.

SOR ¶ 1.d: medical collection account for \$1,218. Applicant denied the allegation, explaining that he was not familiar with this debt, that it was not on his credit report, and that he needed more information to determine if he needed to pay it or not. (Answer) He believes the debt was an error because he reviewed all medical bills and

had been unable to identify the debt alleged or a creditor, and because he paid all medical bills for services received when this debt was allegedly incurred. (Tr. 42-44)

A June 2023 credit report shows the account was opened or assigned for collection in June 2023 and was in collection for \$1,218. (GE 5 at 2) Credit reports from September 2024 and May 2025 do not show this debt or any other delinquent medical accounts. (GE 6-7)

Applicant's payments have reduced his outstanding attorney's fees from \$35,000 to about \$19,000. A May 2025 credit report shows that he has resolved five delinquent debts not alleged in the SOR totaling at least \$3,706. His recent credit report also reflects several overdue accounts, but no additional accounts have been placed for collection. (GE 7; AE C, AE G; Tr. 35-50)

Applicant's gross annual income has increased from \$170,000 in June 2023 to about \$182,000. His spouse earns about \$35,000 per year and helps pay family bills. He has about \$2,500 in the bank and \$28,000 in his retirement account. He pays \$1,800 per month in child support to his former spouse. He provided a written budget in December 2023 and testified that he now uses a spreadsheet and has a remainder of about \$1,200 to \$2,000 a month after expenses. (GE 2 at 9, 26, GE 7; Tr. 26-57, 76-77)

Applicant submitted a letter from his former manager that commented favorably on his character, integrity, reliability, judgment, trustworthiness, performance, leadership, expertise, and commitment to doing things the right way. He submitted work performance forms for 2023 and 2024 that commented favorably on his knowledge, skills, abilities, judgment, performance, and trustworthiness. (AE C, AE I-K)

Policies

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.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines (AG). These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied 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, reliable information about the person, past and present, favorable and unfavorable.

“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, and has the ultimate burden of persuasion as to obtaining a favorable clearance decision.” Directive ¶ E3.1.15. An applicant “has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his 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.” *Department of the Navy v. Egan*, 484 U.S. 518, 531 (1988); see AG ¶ 2(b).

The protection of the national security is the paramount consideration. Under AG ¶ 2(b), any doubt “will be resolved in favor of the national security.” Section 7 of EO 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 EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F: Financial Considerations

The security 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. 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.

This concern is broader than the possibility that a person might knowingly compromise classified or sensitive information to raise money. It encompasses concerns about a person’s self-control, judgment, and other qualities essential to protecting classified or sensitive information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified or sensitive information. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

The record evidence, including Applicant’s admissions and credit reports, establishes two disqualifying conditions under this guideline: AG ¶ 19(a) (“inability to satisfy debts”) and AG ¶ 19(c) (“a history of not meeting financial obligations”). The following 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, 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 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's financial problems date back to 2020 and are related to his former spouse and his July 2021 marital separation that ended in divorce in December 2024. The SOR alleges four delinquent accounts totaling \$25,485. He resolved a delinquent medical bill totaling \$1,218 sometime before September 2024, (SOR ¶ 1.d), and he resolved a delinquent apartment lease totaling about \$5,465 in January 2025, (SOR ¶ 1.c). Prior to the hearing he had communicated with creditors for the two largest debts alleged in the SOR (¶ 1.a - \$6,620 and ¶ 1.b - \$12,182) but had not reached a settlement agreement with either creditor or made recent payments on either debt. Since the hearing, he has negotiated settlements with both creditors and made the first of 12 payments on each debt totaling \$807.

AG ¶ 20(a) is not fully established. Applicant's financial circumstances have improved and the circumstances that resulted in his delinquent debts are unlikely to recur. However, the debts alleged in the SOR are longstanding, and he took no significant action to resolve two of the four SOR debts until after the July 2025 hearing.

AG ¶ 20(b) is not fully established for the debts alleged in SOR ¶¶ 1.a and 1.c. Although Applicant's separation and divorce were largely beyond his control; he has not provided sufficient evidence that he acted responsibly under the circumstances. AG ¶ 20(b) does not apply to the debt alleged in SOR ¶ 1.b. Applicant's decision to personally obtain or co-sign for an auto loan for his former spouse's friend in August 2018 was not beyond his control.

AG ¶ 20(c) is established. Applicant received financial counselling in about 2013, and there are clear indications that his financial problems are being resolved.

AG ¶ 20(d) is not fully established. Applicant has resolved the debts alleged in SOR ¶¶ 1.c and 1.d. He recently negotiated an agreement to settle the debts alleged in SOR ¶¶ 1.a and 1.b and has made the first required payment on each debt. However, the timing of an Applicant's actions, including repayment of delinquent debts, impacts upon the degree to which the mitigating factors apply. ISCR Case No. 08-06058 at 5 (App. Bd. Sep. 21, 2009).

AG ¶ 20(e) is established for the debt alleged in SOR ¶ 1.d. I find for Applicant on this allegation because his claim that he had no overdue medical bills is corroborated by two recent credit reports.

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.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). Applicant was candid, sincere and credible at the hearing. I considered the entire record, including his work history, security clearance history, character evidence and that his financial problems were caused, in part, by circumstances beyond his control. I considered that he has resolved two of the debts alleged in the SOR and five debts not alleged in the SOR, and that he recently entered agreements and made payments thereunder to address the remaining two SOR debts.

The adjudicative guidelines do not require that an applicant make payments on all delinquent debts simultaneously, pay debts alleged in the SOR first, or resolve every debt alleged in the SOR. An applicant need only establish a plan to resolve financial problems and take significant actions to implement the plan. See ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008). Although Applicant's financial records and finances are not perfect, he has implemented a plan to resolve his financial problems and has made substantial progress in doing so. He understands the importance of continued financial responsibility, and the behavior that resulted in his financial problems is unlikely to recur.

After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has mitigated the security concerns raised by his delinquent debts.

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-1.d: **For Applicant**

Conclusion

I conclude that it is clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is granted.

Eric C. Price
Administrative Judge