



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



## Appearances

For Government: John Renahan, Department Counsel  
For Applicant: *Pro se*

01/15/2026

## Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

## Statement of Case

On June 3, 2024, Applicant submitted a security clearance application (e-QIP). On April 2, 2025, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCAS 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 April 11, 2025, and requested a hearing before an administrative judge. The case was assigned to me on September 8, 2025. The Defense Office of Hearings and Appeals issued a notice of hearing on September 11, 2025, and the hearing was convened as scheduled on November 19, 2025. The Government offered five exhibits, referred to as Government Exhibits 1 through 5, which were admitted without objection. Applicant offered four exhibits, referred to as Applicant's Exhibits A through D, which were admitted without objection. The record remained open until close of business on December 3, 2025, to allow the Applicant the opportunity to submit additional supporting documentation. Applicant submitted a number of documents collectively identified as Applicant's Post-Hearing Exhibit A, which was admitted without objection. Applicant testified on his own behalf. DOHA received the final transcript of the hearing (Tr.) on December 11, 2025.

### **Findings of Fact**

Applicant is 54 years old. He is married with one biological child and two step-children. He has a high school diploma and one year of college. He holds the position of Shipping and Receiving Inspection for a defense contractor. He is seeking to obtain a security clearance in connection with his employment.

### **Guideline F - Financial Considerations**

The Government alleged that Applicant is ineligible for a clearance because he made financial decisions that indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which raise questions about his reliability, trustworthiness and ability to protect classified information.

The SOR alleged that Applicant has eight delinquent consumer debt accounts owed to creditors that were charged off or placed for collection totaling approximately \$29,438. In his answer, Applicant admits each of the allegations set forth in the SOR. Credit reports of the Applicant dated June 18, 2024; and February 7, 2025, confirm that at one time he was indebted to each of the creditors listed in the SOR. (Government Exhibits 4 and 5.) Applicant has never held a security clearance before. He contends that all of his delinquent accounts were current and paid as agreed before the injuries discussed below.

Applicant attributes most of his delinquent debt to an ankle injury he suffered while at work during previous employment, in a physically demanding job. This injury occurred on June 25, 2022. He explained that he stepped off of the truck and tore all of the ligaments in his right ankle. Applicant was completely unable to walk. On October 12,

2022, this ankle underwent reconstructive surgery, which forced Applicant to be off work until August 2023, about a year, resulting in financial hardship. Although he received worker's compensation in the amount of about \$500 a week while off work, it was not even half of what he normally received in his regular pay.

About two or three weeks after returning to work from his ankle injury, Applicant twisted his knee. Due to this knee injury he was placed off work for about a month. When he went back to work, he almost immediately injured his back lifting heavy material. Once again he was placed off work for about a month. Applicant collected workers compensation during these periods of time off work.

In October 2022, Applicant started falling behind on his bills. He stated that he contacted each of his creditors by telephone to see if they could help him though his financial hardship situation. For the most part, they told him that there was nothing they could do. In 2024, he hired a consumer debt attorney to assist him in resolving his delinquent debts. Working together, they established payment plans with some of his creditors. Applicant submitted documentation related to payments and/or settlements on each of his delinquent accounts listed in the SOR.

Applicant's wife works as a parole officer supervisor. He and his wife share some household expenses, but he is responsible to pay his own personal credit card debts and loans.

The following delinquent debts listed in the SOR are of security concern:

1.a. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$8,359. This was Applicant's credit card that he used to purchase lawn and gardening tools. A judgement was entered against him by the creditor. Applicant's attorney assisted in getting the amount reduced to \$5,435. Applicant is currently making monthly payments of \$150 to resolve the debt. (Applicant's Exhibit C, and Tr. p. 50.)

1.b. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$4,222. This was Applicant's credit card that he used to purchase groceries. Applicant's attorney assisted in getting the amount reduced to \$2,536. Applicant is currently making monthly payments of \$211.33 to resolve the debt. (Applicant's Exhibit C, and Tr. p. 55.)

1.c. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$4,190. This was Applicant's credit card he used to purchase gas or anything else he needed. The amount of the debt was reduced to

\$2,556.18. Applicant paid the debt off in one lump sum. (Applicant's Exhibit C, p. 23, and Tr. p. 57.) The debt is no longer owing.

1.d. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$3,894. Applicant settled this account with the creditor for \$1,926, which he paid off in a lump sum on August 25, 2025. (Applicant's Exhibit C, pp. 20-22, and Tr. p. 60.) The debt is no longer owing.

1.e. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$3,672. This was Applicant's credit card he used to purchase household supplies. Applicant settled this account with the creditor for \$2,385. He is currently making monthly payments of \$75 to resolve the debt. (Applicant's Exhibit C, and Tr. p. 60-62.)

1.f. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$3,170. This was Applicant's credit card. Applicant settled the account with the creditor for \$1,268. Applicant paid the debt off in one lump sum a week before the hearing. (Applicant's Exhibit C, pp. 12-15, and Tr. pp. 63-66.) The debt is no longer owing.

1.g. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$969. This was Applicant's credit card. Applicant settled the account with the creditor for \$582. Applicant paid the debt off in one lump sum. (Applicant's Exhibit C, pp. 17-19, and Tr. p. 66.) The debt is no longer owing.

1.h. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of \$962. This was a personal loan that Applicant took out for about \$10,000 when he purchased his house, in order to pay the taxes. Applicant contacted the creditor because he had already paid off the debt. The creditor looked into the matter, and told him that they were no longer seeking payment. (Applicant's Exhibit C, p.16, and Tr. p. 69.) The debt is no longer owing.

Applicant stated that he is now back to work, with stable employment, and is able to comfortably meet all of his financial obligations. He currently earns about \$67,000 annually. After paying his regular monthly expenses, he stated that he has about \$1,500 left in discretionary monies at the end of the month. (Tr. p. 79.)

A letter of recommendation from the Applicant's supervisor states the Applicant consistently demonstrates exceptional technical competence, strong leadership, and an unwavering commitment to mission critical projects. (Applicant's Post-Hearing Exhibit A.)

## 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 AG ¶ 2 describing the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. 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.” In reaching this decision, I have drawn only those conclusions that are reasonable, logical and based on the evidence contained in the record. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

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 clearance 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 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:

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.

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

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

Applicant suffered a catastrophic ankle injury at work that required reconstructive surgery and prevented him from working and earning a living for about a year. Following that injury, he suffered two additional injuries, to his knee, and then his back. Each of these injuries caused him to be placed off work for about a month. While he was off work, his income was cut in half, and he could not afford to pay all of his bills. The evidence is sufficient to raise the above disqualifying conditions.

The following mitigating conditions under the Financial Considerations guideline are potentially applicable under AG ¶ 20.

- (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), and the individual acted responsibly under the circumstances;
- (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 three work-related injuries were the main cause of his financial indebtedness. When he finally recovered and returned to work, he left the physically demanding job, got a different job that did not require the physicality, and started addressing his delinquent debts. He hired an attorney to assist him in resolving his debt, and he is currently, diligently working to pay them off. He is currently either making monthly payments to resolve a debt, or he has already paid the debt off. Since he has returned to work, he has established a track record of payments and plans to continue those payments each month, without interruption, until each debt listed in the SOR is paid off or otherwise resolved. He intends to resolve each of his debts as swiftly as possible.

Under the circumstances of this case, Applicant has demonstrated the requisite good judgment, responsibility, and trustworthiness to access classified information. There is sufficient evidence in the record to show that the Applicant has carried his burden of proof to establish mitigation of the government security concerns under Guideline F.

## **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. Applicant must continue to follow through with his commitment to resolve his delinquent debts to show financial responsibility. Assuming he continues to follow these conditions, he will maintain eligibility for access to classified information. In the event that he does not make his bills a priority to resolve, his security clearance will be in immediate jeopardy.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. 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 ¶ E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:

FOR APPLICANT

Subparagraphs 1.a., through 1.h.

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 or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is granted.

Darlene Lokey Anderson  
Administrative Judge