



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



In the matter of:	)	
	)	
	)	ISCR Case No. 24-02414
	)	
Applicant for Security Clearance	)	

**Appearances**

For Government: William H. Miller, Esq., Department Counsel  
For Applicant: *Pro se*

04/06/2026

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**Decision**

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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 June 6, 2024. On March 19, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant answered the SOR on July 11, 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 February 5, 2026.

The Government's written case was submitted on August 25, 2025. A complete copy of the file of relevant material (FORM) was provided to Applicant, who was given an opportunity to file objections and to submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on November 4, 2025, and did not respond.

**Evidence**

Government Exhibit (GE) 1 and GE 2 consist of the SOR and Applicant's Answer, which are pleadings in this case. GE 2 through GE 7 are admitted in evidence without objection. Applicant did not submit any evidence to support his case in mitigation.

## Findings of Fact

In his Answer, Applicant admitted all allegations in the SOR (§§ 1.a - 1.g). His admissions are incorporated in my findings of fact. After careful review of the evidence, I make the following additional findings of fact.

Applicant is 42 years old, and he has worked as a full-time employee of a defense contractor since April 2023. He also works in two part-time positions, one since 2010 and the other since 2022. Prior to his current full-time position, he worked in several other full-time positions. He worked as a driver from 2021 to 2023, and as a mid-level manager from 2016 to 2020. He attended pre-employment training for three months at a college and earned a certificate in December 2022. In October 2025, he married his longtime girlfriend, with whom he has resided since 1984. He does not have children. (GE 3, 4, 5)

In November 2020, Applicant was working as a mid-level supervisor for a private company. He said he was having lunch in the breakroom, and he complained about protesters blocking the entrance to the building, which made it difficult for him to get to work. Two people overheard him and were offended by his comments though he denies he used derogatory or inappropriate language. His supervisor later informed him that he breached the company's code of ethics, and that he was suspended from the company without pay. He said the company had already changed his schedule and his new schedule made it difficult for him to spend time with his family, and he listed this as the reason he left the position. During his background interview with a government investigator, he acknowledged it was possible that he was fired but said he believed at the time that he was suspended without pay, and he later decided he no longer wanted to return to the position. (GE 3, 4)

Applicant completed his first SCA in June 2024. He did not disclose his financial delinquencies in the SCA but discussed his debts with a federal government investigator conducting his August 2024 background interview. He said he did not know he was required to list his closed accounts that were no longer included in his records. (GE 3, 4)

The SOR alleges seven delinquent debts of about \$24,000. Applicant admitted all of the debts alleged in the SOR, which are also supported by other evidence in the record, including his November 2024 response to financial interrogatories; statements made during his background interview; and two credit bureau reports (CBRs) from June 2023 and December 2024. (GE 4 – 7) None of the alleged debts have been paid, nor have payment arrangements been made to pay the debts.

The evidence regarding the debts is summarized below:

**SOR ¶ 1.a (\$20,060):** This individual account for a car was opened in 2019, the last activity occurred in August 2022, and the account was charged off in about October 2024. Applicant said he could no longer afford the car payment after losing his job, and the creditor repossessed the car. The original loan balance was \$20,410, and the amount charged off was \$20,060. (GE 4-7) This is the largest debt in the SOR. Applicant said he

considered filing for bankruptcy in about 2024, but he learned the creditor closed his account in May 2022. (GE 5)

**SOR ¶¶ 1.b (\$762), 1.c (\$740), 1.d (\$731), and 1.e (\$688):** All four alleged debts are individual credit card accounts that were used primarily for living expenses, except the debt in SOR ¶ 1.d, which Applicant used for buying car parts. He said he stopped making payments on these debts about four years ago when he lost his job and could no longer afford payments. He said that he considered filing bankruptcy but decided against it for the reason stated above. (GE 4 - 7)

**SOR ¶¶ 1.f (\$650) and 1.g (\$433):** Both alleged debts are individual accounts that Applicant disputed through a credit bureau. He said the debt in SOR ¶ 1.f was used for living expenses, and debt in SOR ¶ 1.g was for car insurance on the car that was repossessed in SOR ¶ 1.a. (GE 6, 7) He did not disclose why he disputed these debts.

Applicant provided a copy of his November 14, 2024, paystub, which shows he earned about \$26 per hour at that time and that he participates in his employer's 401(k)-retirement plan. His gross annual earnings totaled about \$50,871 and his net earnings totaled about \$31,639. He paid union membership dues, and he paid two loans made against his 401(k)-retirement account, which altogether cost about \$119 per pay period.

Applicant said that he and wife have a monthly net income of \$5,300 and monthly net expenses of \$4,700, which leaves about \$700 in discretionary funds. No information was provided about his checking and savings accounts, or other financial and asset information. He listed a state tax debt of \$3,200 and he pays \$150 monthly on the debt. (GE 5) He said he went through a financially difficult time after losing his job, but now he is on track with his finances, and he does not plan to allow this to happen again. (GE 4)

## 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 financial 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.

The guideline notes several conditions that could raise financial security 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 FORM establish the above disqualifying conditions. AG ¶¶ 19(a) and 19(c) are applicable.

Conditions that could mitigate the financial considerations security 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;
- (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(a), 20(c), and 20(d) are not established. Applicant's delinquent debts are recent, ongoing, and remain unresolved. He has not provided evidence of recent financial counseling, contacts with creditors, payments, payment plans, or any other information about efforts made to resolve his delinquent debts. He has not established that he initiated and is adhering to a good-faith effort to repay his delinquent debts.

AG ¶ 20(b) is not fully established. Applicant attributed his financial conditions to the loss of a job, presumably in late 2020. He did not disclose any periods of unemployment in the SCA. He has supplemented his income with part-time work since 2010, and he currently works two part-time positions. No financial or other details about

his finances during this period have been provided, and the reasonableness or responsiveness of any actions taken cannot be ascertained. Applicant has a duty to mitigate the financial conditions security concerns, and his evidence is insufficient to establish that his actions in suspending the payment of his debts indefinitely after losing his primary job were reasonable and responsible under the circumstances.

AG ¶ 20(e) is not established. Although the record indicates Applicant disputed two debts alleged in the SOR, he did not elaborate on the matter, nor did he present independent evidence to support a reasonable basis to dispute these debts.

Considering the lack of information in the record, I am unable to find that Applicant acted responsibly under the circumstances or that he made a good-faith effort to pay his debts. Applicant's financial issues cast doubt on his current reliability, trustworthiness, and judgment and the financial considerations security concerns remain unmitigated 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). Because this case is decided on the written record, I had no opportunity to question Applicant about his financial situation; nor did I have an opportunity to observe his demeanor and thereby assess his credibility.

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

Subparagraphs 1.a- 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.

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Gatha LaFaye  
Administrative Judge