



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



In the matter of:	)	
	)	
	)	ISCR Case No. 25-00661
	)	
Applicant for Security Clearance	)	

**Appearances**

For Government: Mark D. Lawton Esq., Department Counsel  
For Applicant: Pro se

04/13/2026

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**Decision**

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LOKEY ANDERSON, Darlene D., Administrative Judge:

**Statement of Case**

On October 31, 2023, Applicant submitted a security clearance application (e-QIP). On June 5, 2025, 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 (EO), *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 June 9, 2025; and July 31, 2025, and requested a hearing before an administrative judge. The case was assigned to me on December 8,

2025. The Defense Office of Hearings and Appeals issued a notice of hearing on January 6, 2026, and the hearing was convened as scheduled on March 10, 2026. The Government offered six exhibits, referred to as Government Exhibits 1 through 6, which were admitted without objection. Applicant called no witnesses and offered no exhibits. He did testify on his own behalf. The record remained open following the hearing, until close of business on March 30, 2026, to allow Applicant the opportunity to submit some supporting documentation. Applicant submitted fifteen Post-Hearing exhibits, which were admitted into evidence without objection, and marked as Applicant's Post-Hearing Exhibits 1 through 15. DOHA received the final transcript of the hearing (Tr.) on March 23, 2026.

### **Findings of Fact**

Applicant is 40 years old. He is not married and has four children, three of the youngest reside with him. He has a high school diploma and some college. He holds the position of Lead Operating Engineer. 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 is indebted to nine separate creditors totaling approximately \$32,083. Those debts consist of a mortgage foreclosure in the amount of \$25,758, and various medical accounts, and two credit card accounts, that were sent to collection or were charged-off totaling about \$6,325. In his answer, Applicant admits each of the allegations. (Applicant's Answer to SOR.) Credit reports of the Applicant dated November 15, 2023; September 10, 2024; and May 20, 2025, confirm this indebtedness. (Government Exhibits 3, 4, and 5.)

Applicant began working for his current employer in 2004. He started working in a new position with his same employer in October 2023. The new position requires a security clearance and is more lucrative. In July 2024, Applicant received a pay raise. His annual salary is now a little over \$100,000. (Tr. p. 27.) Applicant explained that until he started in his new position, he was not earning enough money to support his entire household on his own, consisting of his ex-girlfriend, who was not employed, and their four children. (Tr. p. 29.) He also stated that he was not paying close attention to his credit report, and was not fully aware of his delinquent debts. (Tr. p. 30.) There is no evidence that Applicant lived lavishly or spent excessively or beyond his means.

During his subject interview dated February 14, 2024, Applicant stated that his intent was to have the debts paid off by the end of 2024. (Government Exhibit 6.)

Applicant denies making the statement. He believes that he told the investigator that he would try to work on paying the debts off. (Tr. pp. 38-39.)

In June or July 2024, Applicant contacted a tax service company to assist him in cleaning up his credit because at that time, he was trying to purchase a house. He and a loan co-signer were not successful at accomplishing this purchase. After receiving the SOR in June 2025, Applicant contacted the tax service company again to help him repair his credit and resolve his delinquent debts. This time, he paid \$250 for them to start the process, but he did not hear back from them. Applicant understood that there was a waiting process, but he did not know much more. He stated that the tax service company told him that the delinquent mortgage account that had been opened had finally been closed. (Tr. p. 41.)

After the hearing, Applicant realized the importance of addressing his delinquent debts. Instead of waiting any longer for the credit repair company to help him, he contacted each of his creditors himself, except for the closed mortgage account, and he either set up a payment plan that he is following, or he has paid off the debt.

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

1.a. Applicant owes a delinquent debt to a mortgage company for a loan he took out in March 2014, to purchase a manufactured home. The original loan was for \$43,839. Applicant made regular monthly payments on the mortgage account for many years until September 2021, when he lost his job due to Covid. He explained that he lost his job because he could not work the hours the company required during Covid. His children were at home, the schools were closed, and there was no one else to be with them. There were no good jobs opportunities available during Covid. Simply put, he was not earning enough money to support his family. The property was repossessed in early 2022, and the home was foreclosed upon in March 2023, with a balance owed in the approximate amount of \$25,758. Applicant was told by the tax service company that the account is now closed. It is not clear whether the debt remains owing or not. (Tr. pp. 31-32, and 35 and 41.)

1.b. Applicant owes a delinquent debt for a medical account that was placed for collection in the approximate amount of \$984. This debt may be a duplicate of the debt listed in allegation 1.c., even though the account numbers are different. This medical debt was for hospital bills he incurred as a result of a car accident that occurred in either January of 2022 or 2023. Applicant set up a payment plan with the creditor to pay about \$132.62 each month for twelve months totaling \$1,381.98, which will completely resolve the debt. He made the first payment on March 13, 2026. The debt is being paid. (Applicant's Post-Hearing Exhibits 5 and 6.)

1.c. Applicant owes a delinquent debt for a medical account that was placed for collection was placed for collection in the approximate amount of \$984. This debt may be a duplicate of the debt listed in allegation 1.b., even though account numbers are

different. This medical debt was for hospital bills he incurred as a result of a car accident in either January of 2022 or 2023. Applicant set up a payment plan with the creditor to pay \$90.18 each month for twelve months totaling \$915.12 to resolve the debt. He has already made his first payment. The debt is being paid. (Applicant's Post-Hearing Exhibits 7 and 8.)

1.d. Applicant owes a delinquent debt to a creditor for a medical account that was placed for collection in the approximate amount of \$502. This medical debt was for hospital bills he incurred as a result of a car accident in either January of 2022 or 2023. Applicant set up a payment plan with the creditor to pay about \$90.18 each month for twelve months for a total of \$1,067.88 to resolve the debt. He has already made his first payment. The debt is being paid. (Applicant's Post-Hearing Exhibits 8 and 9.)

1.e. Applicant owed a delinquent debt to a creditor for an account that was placed for collection in the approximate amount of \$149. Applicant stated that he has paid off the debt. He does not have the receipt, but it is no longer reflected as owing on his credit report. The debt is no longer owing. (Tr. p. 60.)

1.f. Applicant owes a delinquent debt to a creditor for a credit card debt that was placed for collection in the approximate amount of \$954. Applicant set up a payment plan with the creditor to pay \$69 each month for twelve months to resolve the debt. He has already made his first payment. The debt is being paid. (Applicant's Post-Hearing Exhibits 11 and 12.)

1.g. Applicant owed a delinquent debt to a creditor for a medical account that was placed for collection in the approximate amount of \$1,443. Applicant testified that he believed that he paid the debt off. Applicant provided documentation showing that he had negotiated a settlement in the amount of \$721.00, and paid off the debt. The debt is no longer owing. (Applicant's Post-Hearing Exhibit 13 and Tr. pp. 57-58.)

1.h. Applicant owed a delinquent debt to a creditor for a medical account that was placed for collection in the approximate amount of \$968. Applicant stated that he tried to contact the creditor, but he has learned that the company no longer exists. In addition, the debt is no longer reflected as owing on his credit report. The debt is no longer owing. (Applicant's Post-Hearing Exhibit 14.)

1.i. Applicant owed a delinquent debt to a creditor for credit card account that was placed for collection in the amount of \$331.00. Applicant negotiated a settlement in the amount of \$265.53, and paid off the debt. The debt is no longer owing. (Applicant's Post-Hearing Exhibit 15.)

Performance appraisals of the Applicant for the years 2024 and 2025 are both very favorable. Applicant ranked #19 out of 384 technicians on the WO metrics scorecard. For the year-to-date report Applicant received 100 percent customer satisfaction and 99

percent WO date Quality. Out of the Midwest region Applicant was ranked #12 out of 154 technicians. (Applicant's Post-Hearing Exhibit 3.)

A letter from the Facility Security Officer dated March 13, 2026, indicates that she has known the Applicant since he transitioned to their company in January 2024. She stated that Applicant consistently demonstrated reliability, professionalism and strong technical skills. He is punctual and dependable. He is highly knowledgeable in his trade and coworkers regularly seek advice from him. He is well respected by those who know him and goes out of his way to help others. (Applicant's Post-Hearing Exhibit 1.)

A letter from the Lead Product Data Management Specialist dated March 13, 2026, indicates that he has known Applicant since January 2024. He is proud to call the Applicant a friend. He stated that Applicant has exhibited excellent technical skills. Applicant takes pride in maintaining the facility and ensuring the comfort of its occupants. He has extensive knowledge in his field, always a professional attitude, and exceeds expectation in his efforts to support others. He is recommended for any positive endeavors he may have in the future. (Applicant's Post-Hearing Exhibit 1.)

Letters from Applicant's supervisor, the Facilities Manager, dated March 11, 2026; and the Regional Facilities Manager, dated March 18, 2026, collectively reflect that Applicant, who currently serves as a Lead Operating Engineer, has consistently demonstrated exceptional reliability, sound judgment, and professional integrity. He exceeds expectations in both performance and professionalism. Safety and compliance are areas where the Applicant excels. He has shown full respect for security protocols, follows all instructions precisely, and conducts himself in a manner fully consistent with the trust placed in personnel supporting sensitive environments. Overall he demonstrates accountability, discretion, and respect for all procedures. He can be trusted to follow policy, properly safeguard sensitive information, and act with integrity at all times. He is highly recommended for a security clearance. (Applicant's Post-Hearing Exhibit 2.)

## **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 incurred delinquent debt, he could not afford to pay. His actions or inactions both demonstrate a history of not addressing his responsibility and/or an inability to pay his delinquent debt. 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, 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.

Circumstances largely beyond Applicant's control caused his financial difficulties. A car accident in 2022 or 2023, caused him injuries and created medical bills and credit

card debt that he could not afford to pay. During Covid, he lost his job, and the lack of other available jobs caused him to be unable to pay his mortgage resulting in a foreclosure. Since obtaining a much better paying job, and now more clearly understanding his financial responsibilities associated with holding a security clearance, Applicant has taken meaningful action to resolve his delinquent debts, and he is commended for these efforts. He has either set up and started his payment plans to resolve the debts, or has settled the debt and paid it off. He must continue to follow through with his payment plan schedules to resolve these debts.

In regard to the only debt the Applicant has not addressed, he was told by the tax service company that the debt for \$25,758 for the delinquent mortgage account was closed. It is not clear whether he still owes the debt or not. If the foreclosed upon manufactured home was sold, and there is no deficiency amount owed on the loan, Applicant is in good standing. However, if there is a deficiency amount owed on the loan, whether the home was sold or not, Applicant would still be responsible to pay the remaining outstanding debt. Whatever is determined, if the debt still exists, Applicant now understands that he must begin to resolve the debt as soon as possible to show that he is financially responsible. Applicant now has a good paying job that allows him to support his family and pay his bills. If he finds out that he still owes money on the delinquent mortgage account, he will make regular monthly payments on the account to resolve it. At this point, under the circumstances, Applicant has acted reasonably and responsibly and has demonstrated that he can live within his means and that he can comfortably afford to pay his delinquent debts. He has shown that he is financially responsible and meets the eligibility requirements for access to 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.

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.i.	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