



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



In the matter of:)
)
) ISCR Case No. 25-00660
)
)
Applicant for Security Clearance)

Appearances

For Government: Lauren A. Shure, Department Counsel
For Applicant: *Pro se*

04/14/2026

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On August 13, 2024, Applicant submitted a security clearance application (e-QIP). On June 25, 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 September 13, 2025, and requested a hearing before an administrative judge. The case was assigned to me on December 18, 2025. The Defense Office of Hearings and Appeals issued a notice of hearing on January 14,

2026, and the hearing was convened as scheduled on March 12, 2026. The Government offered six exhibits, referred to as Government Exhibits 1 through 6, which were admitted without objection. Applicant offered nine exhibits, referred to as Applicant's Exhibits A through I, which were admitted without objection. Applicant testified on his own behalf. The record remained open until close of business on March 26, 2026, to allow the Applicant the opportunity to submit additional supporting documentation. Applicant submitted six Post-Hearing Exhibits, referred to as Applicant's Post-Hearing Exhibits 1 through 6, which were admitted without objection. DOHA received the final transcript of the hearing (Tr.) on March 23, 2026.

Findings of Fact

Applicant is 41 years old. He is married with two children. He has an Associate's degree, and extensive military service. He holds the position of Facilities Professional II 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 nine delinquent accounts owed to creditors that were charged off or placed for collection totaling approximately \$36,000. In his answer, Applicant admits each of the allegations set forth in the SOR. Credit reports of the Applicant dated August 24, 2024; March 7, 2025; and December 2, 2025, confirm that at one time he was indebted to each of the creditors listed in the SOR. (Government Exhibits 2, 3, and 4.)

In 2003 after graduating from high school, Applicant enlisted in the active-duty U.S. Air Force where he served for twenty years. In 2023, he retired as a Staff Sergeant, E-6, and received an honorable discharge. During his military career, he worked as an AE3X1, in Structures, things like carpentry, welder, locksmith, and sheet metal. He held a security clearance for twenty years in the military. He raised a family and supported his mother-in-law who lived with him for 19 years on basically his military income. Applicant began his current employment in April 2024. He explained that his financial problems have all stemmed from the COVID-19 pandemic. (Tr. p. 25.)

In about February 2020, Applicant started having financial problems when his wife, who was a daycare provider, earning about \$1,000 monthly, was laid off from her job, because of Covid-19. At the time, she took care of two little girls in her home. The girl's parents both worked in a hospital. Applicant's daughter and son both naturally have low

immune systems. Applicant's mother-in-law, who also lives with the Applicant, has had multiple head injuries and was also immunocompromised. Applicant's wife had to stop working to stay home with her own children because the schools were closed, and it was expected that she home-school their children. (Tr. pp. 28-29.) At this point, Applicant's military income was all they were living on.

In April 2020, Applicant and his wife decided to sell their house and move out into the country. They decided to purchase a new home when the real estate market improved. When they sold their house, they paid off all off their debts. Applicant explained that they sold their house for a good price, and when they ultimately purchased another house, they also got a good price. Unbeknownst to the Applicant, the sellers of the house he purchased never disclosed that it failed an inspection prior to their purchase. It was later discovered that there was a serious problem with the leach field that needed replacing that the sellers did not disclose. To replace a leach field would cost them about \$70,000. Applicant filed a lawsuit against the Sellers which lasted for about two years and became very expensive. In 2022, the case was settled through mediation prior to court. A non-disclosure agreement is in place and so Applicant cannot discuss the results. Applicant used all of his discretionary funds to pay for his lawyers. (Tr. p. 35.)

In the fall of 2021, Applicant hired a credit repair company, hoping to get a debt consolidation program in place that would assist him in resolving his debts. Applicant hired a new company he had never worked with before and they followed procedures he was not familiar with. Applicant was forced to default on all of his credit card accounts first. Then he was required to make a monthly payment to the company, while they work with the creditors to reach a settlement which is paid in a lump sum. Applicant did not find them helpful and eventually cancelled their service. (Tr. pp. 35-36 and Applicant's Post-Hearing Exhibits 1, 2, 3, and 4.)

Applicant stated that in March 2022, while still serving in the Air Force, he was notified by the Continuous Vetting Service that his delinquent debts were a security concern, and as a result, his security clearance was in jeopardy. The Air Force, at that time, was reviewing his financial situation to determine whether it was clearly consistent with the national interest to continue his security clearance. He submitted a response. The matter was adjudicated, and about six months or so later, he received a favorable determination allowing him to retain his security clearance. (Tr. pp. 37-38, and 71.)

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

1.a. Applicant was indebted to a creditor for an account that was placed for collection in the approximate amount of \$10,055. This was a personal loan. He settled the debt in full for \$1,500 in January 2026. He made three payments of \$500. A letter from the creditor dated January 20, 2026, confirms this payoff. (Applicant's Exhibit A, and Tr. p. 42-44, and 72.) The debt is no longer owing.

1.b. Applicant was indebted to a creditor for an account that was charged off in the approximate amount of \$7,500. He made \$100 payments on the account for several months. He then settled the debt for \$3,800 in March 2026. He stated that he will make four payments of \$950 monthly, and the debt will be paid off in June 2026. (Applicant's Exhibit B, Tr. p. 44-47, and Applicant's Post-Hearing Exhibit 5.) The debt is being paid.

1.c. Applicant was indebted to a creditor for an account that was charged off in the approximate amount of \$5,300. He settled the debt for \$2,810 in January 2026. He has already made three monthly payments of \$117.08, and currently owes about \$2,341. He stated that he will continue this payment plan until the debt is paid off. (Applicant's Exhibit C, and Tr. pp. 51-52.) The debt is being paid.

1.d. Applicant was indebted to a creditor for an account that was charged off in the approximate amount of \$2,600. He set up a payment plan on November 24, 2025, that he is following. He has already made three payments and has nine more to go. He currently owes \$966.68. He stated that he will continue this payment plan until the debt is paid in full. (Applicant's Exhibit D, Tr. pp. 54-55, and Applicant's Post-Hearing Exhibit 6.) The debt is being paid.

1.e. Applicant was indebted to a creditor for an account that was charged off in the approximate amount of \$2,900. This was a credit card account. Documentation shows that he settled and paid the debt off. (Applicant's Exhibit E, and Tr. pp. 55-56.) The debt is no longer owing.

1.f. Applicant was indebted to a creditor for an account that was charged off in the approximate amount of \$5,200. This was a Care Credit card account used for Veterinarian services. Documentation shows that he settled and paid the debt off. (Applicant's Exhibit F, and Tr. pp. 56-57.) The debt is no longer owing.

1.g. Applicant was indebted to a creditor for an account that was charged off in the approximate amount of \$1,150. This was a department store account. Documentation shows that he paid the debt off in full in January 2026. (Applicant's Exhibit G, and Tr. pp. 58-59.) The debt is no longer owing.

1.h. Applicant was indebted to a creditor for an account that was charged off in the approximate amount of \$750. Documentation shows that he settled and paid the debt off. (Applicant's Exhibit H, and Tr. pp. 60-61.) The debt is no longer owing.

1.i. Applicant was indebted to a creditor for an account that was charged off in the approximate amount of \$1,200. This was a personal loan. Documentation shows that he paid the debt off in June 2025. (Applicant's Exhibit I, and Tr. pp. 61-62.) The debt is no longer owing.

Applicant explained that to pay his delinquent debts, he withdrew \$20,000 from his military 401k. (Tr. p. 66.) He testified that he has about \$3,000 in his bank account. He has a retirement account with \$10,000 in it; and another retirement account from his current employer with \$16,000 in it. He receives about \$2,000 monthly in retirement pay from the U.S. Air Force; and about \$4,400 monthly in disability pay from the VA. His current annual salary is \$98,000. His wife is employed part-time as a receptionist at a doctor's office and earns \$17.00 an hour for 24 hours of work each week. After all of Applicant's monthly expenses are paid, he has about \$500 left in discretionary funds. Applicant uses that money to make the monthly payments that are left on his outstanding debts. Once he pays these debts off he will start a savings account. (Tr. p. 65.)

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. Three are potentially applicable in this case:

- (a) inability or unwillingness to satisfy debts;
- (c) a history of not meeting financial obligations; and
- (e) consistent spending beyond one's means or frivolous or irresponsible spending, which may be indicated by excessive indebtedness, significant negative cash flow, a history of late payments or of non-payment, or other negative financial indicators.

Applicant is a retired Air Force Staff Sergeant who has a history of financial hardship caused by his wife's loss of employment due to Covid, a costly and unexpected lawsuit, and a credit repair company that did not do what they were hired to do. 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.

A series of circumstances largely beyond the Applicant's control contributed to his financial problems. In 2020, Applicant's wife lost her job because of the pandemic. Then, Applicant was confronted with costly litigation because of a lawsuit he had to file against the sellers of a home he purchased who failed to disclose a leach field on the property that needed to be replaced. In addition, but to a lesser extent, Applicant hired a credit counseling company that recommended he allow his debts to go into default before they would do anything to help him, all the while he was making regular monthly payments to them.

Recently, Applicant, on his own, has made an outstanding effort to resolve his debts. He either set up payment plans with each of his creditors that he is following, or he has settled and paid off the debt. In order to be eligible for a security clearance an individual must be responsible and trustworthy in every aspect of his or her life, including their finances. Applicant has demonstrated a short track record of payments, over the past four months or so and plans to continue those payments each month, without interruption, until all of his delinquent debts are resolved. Given the mitigating circumstances that caused the delinquent debts in the first place, AG ¶ 20b and 20d are applicable.

Applicant and his wife are now gainfully employed and earn sufficient monies to resolve the remaining delinquent debts. Under the circumstances he has acted reasonably and has shown the requisite good judgment and responsibility to access classified information. There is sufficient evidence in the record to show that 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 and live within his means to show financial responsibility. Assuming he continues to following these conditions, he will maintain eligibility for access to classified information. In the event that he does not continue to resolve his debts, his security clearance will be in immediately 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.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