



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



In the matter of:)
)
) ISCR Case No. 25-01359
)
Applicant for Security Clearance)

Appearances

For Government: Aubrey De Angelis, Esq., Department Counsel
For Applicant: *Pro se*

04/28/2026

Decision

NAGEL, Jeff A., Administrative Judge:

Applicant did not mitigate the Guideline F (Financial Considerations) security concerns. Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on September 26, 2024, in connection with his employment in the defense industry. On December 31, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant 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; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective within the Department of Defense on June 8, 2017.

Applicant answered the SOR in writing (Answer) on January 8, 2026, and requested a hearing before an administrative judge. The department counsel was prepared to proceed on March 12, 2026. The Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on March 18, 2026.

The case was assigned to me on March 16, 2026. I convened the hearing as scheduled on April 10, 2026. The Government called no witnesses and submitted Government Exhibits (GE) 1 through 5, which I admitted into evidence without objection. Applicant testified on his own behalf, called no witnesses, and submitted no exhibits. DOHA received the electronic transcript of the hearing (TR) on April 23, 2026

Findings of Fact

Applicant is a 53-year-old employee of a defense contractor. He is married and has adult children. He is raising two of his grandchildren whom he has permanent guardianship of. Applicant is a high school graduate, who not so long ago earned a California Peace Officers Standards and Training Certificate through his county Sheriff Department. He has been employed with the same company for over 20 years and until recently worked as an Assembly Technician. This is Applicants first time applying for a security clearance and he has done so in order to work as a Quality Inspector. Applicant has never violated a company policy or been disciplined in any manner. (Tr. at 17-21)

Applicants' annual salary since serving as a Quality Inspector is \$84,000 a year. Prior to that while working as an Assembly Technician he earned between \$72,000 and \$74,000 annually. Applicant received a \$1,100 bonus in March. Applicant testified that his wife stands to receive approximately \$50,000 inheritance from her aunt within the next month and they plan on paying off debt with it. (Tr. at 27-29)

Applicant's financial problems are not new since he has struggled at times in the past and filed a Chapter Seven Bankruptcy in 2006. However, his most recent financial problems stem by and large from the expenses he had after being informed in 2023 by his long-term landlord that he had to move since she was selling the property he had been renting for 40 months. Applicant testified that between unexpected moving expenses and having to pay a security deposit, he was out of pocket close to \$10,000. In addition, the rent at the new place he secured was significantly higher than he had been paying. (Tr. at 22, 23, 59)

The SOR alleges that Applicant has nine accounts which have been charged off or are past due in the approximate amount of \$54,0000. In his Answer the Applicant admitted to all the allegations with explanations. The Applicant did not provide any documentation that could be seen as extenuating or mitigating.

SOR Allegations:

1.a. Applicant has a debt on a travel trailer he purchased in June of 2023 and was repossessed in October of 2025. This debt has been charged off in the approximate amount of \$15,958.00. Applicant admitted to this debt and has taken no action on it as of now, but plans on paying it when his wife receives her inheritance. (Tr. at 32-34)

1.b. Applicant is indebted on a car loan that has been charged off in the approximate amount of \$10,564.00. Applicant admitted to this debt and has taken no action on it as of now, but plans on paying it when his wife receives her inheritance. (Tr. at 36-38)

1.c. Applicant is indebted on a credit card that has been charged off in the approximate amount of \$501.00. Applicant admitted to this debt and has taken no action on it as of now, but plans on paying it when his wife receives her inheritance. (Tr. at 39-41)

1.d. Applicant is indebted on a credit card that has been charged off in the approximate amount of \$439.00. Applicant admitted to this debt and has taken no action on it as of now, but plans on paying it when his wife receives her inheritance. (Tr. at 40, 41)

1.e. Applicant is indebted on credit card that he signed on for his son. This account is past due in the approximate amount of \$183.00, with a total balance of \$604.00. Applicant admitted to this debt and has taken no action on it as of now, but plans on making a settlement offer and paying it off or down. (Tr. at 41)

1.f. Applicant is indebted on a vehicle loan that is past due in the approximate amount of \$1,410.00, with a total balance of \$29,372.00. Applicant admitted to this debt and stated he is in touch with the bank and once the inheritance comes in, he will get back on track with his payments. (Tr. at 42-44)

1.g. Applicant is indebted on a vehicle loan that is past due in the approximate amount of \$625.00, with a total balance of \$12,730.00. Applicant admitted to this debt and stated he is in touch with the bank and once the inheritance comes in, he will get back on track with his payments. (Tr. at 42-44)

1.h. Applicant is indebted on a vehicle loan that is past due in the approximate amount of \$548.00, with a total balance of \$7,729.00. Applicant admitted to this debt and stated he is in touch with the bank and once the inheritance comes in, he will get back on track with his payments. (Tr. at 42-44)

1.i. Applicant was indebted on a vehicle he co-signed for his mother-in-law in 2016, and no payment has been made on it since 2018 or 2019. The account has been charged off in the approximate amount of \$24,111.00 and purchased by another lender. Applicant estimates the current worth of the vehicle at close to \$3,000. Applicant admitted to this debt and testified he has always kept the bank informed of the vehicle location and wants the bank to take it, but they have not. (Tr. at 44-48)

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 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 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 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 has nine delinquent debts consisting of charge offs and accounts he is past due on totaling approximately \$54,000. 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; and
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

Applicants' financial problems have been going on since at least 2006 and are ongoing. Even though the most recent debts can partially be attributed to his abrupt move in 2023 and the associated expenses, I am unable to conclude that they will be resolved within a reasonable period. Applicant testified that his wife should be receiving her inheritance in a month, but she has not received it yet. I am also unable to find that Applicant acted reasonably and responsibly under the circumstances, or that he made a good-faith effort to pay his debts since they have been charged off or became past due. They continue to cast doubt on his current reliability, trustworthiness, and good judgment. The above mitigating conditions, individually or collectively, are insufficient to eliminate concerns about his finances.

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 have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant did not mitigate the financial considerations security concerns.

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.i:	Against Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

Jeff A. Nagel
Administrative Judge