



**DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:)
)
) ISCR Case No. 25-00791
)
)
Applicant for Security Clearance)

Appearances

For Government: Troy Nussbaum, Esq., Department Counsel
For Applicant: *Pro se*

05/15/2026

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On October 3, 2024, Applicant submitted a security clearance application (e-QIP). On August 19, 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, *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 11, 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 12, 2026, and the hearing was convened as scheduled on March 31, 2026. The Government offered eleven exhibits, referred to as Government Exhibits 1 through 11, which were

admitted without objection. Applicant testified, but called no witnesses, and presented no exhibits. DOHA received the transcript of the hearing (Tr.) on April 13, 2026.

Findings of Fact

Applicant is 43 years old. He is married a second time with four children. He has a high school diploma. He is employed as a Supply Technician for a defense contractor on an Army base. He is seeking to obtain a security clearance for advancement opportunities in the future.

Administrative Matters

Department Counsel moved to amend the SOR to add one additional allegation, under Guideline F, which is referred to in the decision as 1.q., and states as follows:

1.q. Applicant is indebted to the Federal Government for delinquent taxes in the amount of about \$4,500 for tax year 2018.

Applicant had no objection to said amendment, and the amendment was made. Applicant admitted allegation 1.q.

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 identified seventeen allegations consisting of collections and charge off accounts, delinquent debts of 30 or more days, and lawsuits filed against Applicant regarding his debts. The debts total approximately \$50,245. Applicant admits each of the allegations set forth under this guideline of the SOR. Credit reports of the Applicant dated October 16, 2024; and May 20, 2025, confirm the indebtedness listed in the SOR. (Government Exhibits 4 and 5.)

Applicant was laid off from his civilian job at the end of September 2025. While looking for work, he asked a friend, who works on an Army base, if she could help him find a job there. She told him that he needed a security clearance, and she gave him the application which he completed and submitted. On November 7, 2025, he began working as a Supply Technician on the Army base. Applicant stated that a security clearance is not needed for his current position, but opens up better positions to him in the future.

Applicant and his current wife were married in 2020. They have four children from the marriage. She works as a Nurse at the VA hospital, and she holds a security clearance. Applicant explained that in 2021, he was working as a real estate agent, and he earned \$110,000 that year. Thinking that his income would continue at this level, he

started spending money on things that he now realizes he simply cannot afford. Since 2021, he has earned substantially less than \$110,000 annually. Although he has been consistently employed, and at times he has had two jobs, he has never earned as much as he did when he was working in the real estate business.

Applicant admits that since 2021, he has made a number of financial mistakes that have caused his indebtedness. He stated that one of his biggest mistakes is that he defaulted on his credit cards debt and his personal loans. He stated that once his financial situation improves, he intends to set up payment plans and repay all of his outstanding debts. (Tr. 24.)

Applicant stated that he is actively taking steps to improve his current financial situation, In September 2025, he sold his house for \$431,000, and intended to use some of the profit to pay down his and his wife's delinquent debt. However, he later indicated that after closing costs he received only about \$31,000, and he had a lien on the house for \$25,000, so there was not much of a profit to use. Recently, he hired a debt resolution company to resolve his wife's debts, and when she is finished with her five-year plan, they will start working to resolve his debts. The reason he is not addressing his delinquent debt at this time is because the cost of trying to work two programs with the debt resolution company was not sustainable. Thus, they hired the company to resolve exclusively his wife's debts first. Her five-year plan requires her to make monthly payments of \$900. After they finish paying off her debts, Applicant plans to join the program and follow a plan to resolve his debts. The estimate he received from the company will cost him about \$713 monthly.

Applicant stated that he no longer has a mortgage payment since they are now renters. (Tr. p. 34.) However, Applicant stated that in June 2026, his rent will increase to almost \$2,900 a month, considering his rental insurance, which is more than his previous monthly mortgage payment when he had his house. (Tr. p. 62.)

Applicant has clearly lived beyond his means. He explained that he spends quite a bit of money on his children. They are involved in travel sports that are costly. He has tried to give his children experiences in life that he never had. For example, his children have played on the Dallas Cowboys Football Field, and have attended sports camp. His daughter was even interviewed on the Star in the middle of the 50-yard line. Applicant estimates that he spends between \$7,500 and \$10,000 annually on costs related to travel sports for his children. (Tr. p. 70.)

He and his wife also have expensive vehicles. In 2019, Applicant bought a 2018 Ram Diesel pick-up truck for himself, his monthly payments are \$627; and in 2021, they purchased a new Suburban for his wife that cost \$77,000, and the monthly payments are \$1,060. (Tr. p. 63) Applicant's Personal Financial Statement dated May 17, 2025, shows that after paying their monthly regular monthly expenses, they are in the negative in the amount of \$-901. (Government Exhibit 3, p.12, and Tr. p. 68.)

Applicant stated that he and his family have also enjoyed eating out and taking trips that he now realizes he can no longer afford to do. He takes full responsibility for his poor financial judgment in the past. However, he mentions that his children have not had a real vacation since 2023/2024. (Tr. p. 59.)

Applicant stated that he has recently made some changes in his lifestyle to reduce his expenses. They do not come home for lunch anymore because the cost of gas is too expensive. He now buys groceries at Walmart instead of going out to restaurants for meals. (Tr. p. 59.)

Five separate debt collection lawsuits have been filed against the Applicant for his failure to pay his delinquent debts, several resulting in money judgments. Applicant stated that he never appeared in court to defend himself in any action and so he is not certain about the outcome of each case. He remembers being served, but does not know the particulars. He has made no effort to contact the court about any of the lawsuits that have named him as a defendant. (Tr. pp. 80-81, and allegations 1.k., 1.l., 1.m., 1.n., and 1.o.)

The following delinquent debts are of security concern:

1.a. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of \$8,667. This is a credit card that became delinquent after 2021 when he lost his income. The debt remains owing. (Tr. pp. 76-77.)

1.b. Applicant is indebted to a creditor for an account placed for collection the approximate amount of \$7,499. This is a credit card that became delinquent after 2021 when he lost his income. The debt remains owing. (Tr. p. 77.)

1.c. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of \$6,316. This is a credit card that became delinquent after 2021 when he lost his income. The debt remains owing. (Tr. p. 78.)

1.d. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of \$5,593. This is a credit card that became delinquent after 2021 when he lost his income. The debt remains owing. (Tr. p. 79.)

1.e. Applicant is indebted to a creditor for an account that has been charged off in the approximate amount of \$5,159. This was a credit card that became delinquent after 2021 when he lost his income. The debt remains owing. (Government Exhibit 7, and Tr. p. 79-82.)

1.f. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of \$5,054. This was a credit card debt that became delinquent after 2021 when he lost his income. The debt remains owing. (Tr. p. 82.)

1.g. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of \$3,821. This is a credit card debt that became delinquent after he lost his income. The debt remains owing. (Tr. p. 83.)

1.h. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of \$2,975. This is a credit card debt that became delinquent after he lost his income. The debt remains owing. (Tr. pp. 83-84.)

1.i. Applicant was indebted to a creditor for a mortgage account that is at least 60 days past due in the approximate amount of \$4,543, with a total loan amount of \$307,800. This was paid off when Applicant sold the house in 2025. The debt is no longer owing. (Tr. p. 84.)

1.j. Applicant is indebted to a creditor for an account that is at least 30 days past due in the approximate amount of \$44, with a total credit card balance of \$618. This is a credit card debt. The debt remains owing. (Tr. p. 85.)

1.k. On July 14, 2025, a creditor filed a debt collection lawsuit against Applicant. This is a credit card debt that Applicant believes is related to allegation 1.g. The debt remains owing. (Government Exhibit 6, and Tr. p. 85.)

1.l. On June 12, 2025, a creditor filed a debt collection lawsuit against Applicant. (This allegation is a duplicate of the debt set forth in 1.e.)

1.m. On February 11, 2025, a default judgment was entered against Applicant in a debt collection lawsuit filed by a creditor. This was for a credit card debt that was paid off with the profit from the sale of his house. The debt is not longer owing. (Government Exhibit 8, and Tr. pp 33-34.)

1.n. On June 6, 2024, a default judgment was entered against Applicant in a debt collection lawsuit filed by a creditor. This is for a credit card debt. As a result of this judgment, his wages were subject to garnishment until June 2025. Applicant stated that this debt was paid with the profit from the sale of his house. The debt is no longer owing. (Government Exhibit 9, and Tr. pp; 33-34.)

1.o. On September 24, 2012, a creditor filed a debt collection lawsuit against Applicant. This is for credit card debt. The judgment was satisfied in December 2013. The debt is no longer owing. (Government Exhibit 10, and Tr. pp. 89-90.)

1.p. In October 2011, Applicant's house in Arizona was scheduled for a trustee's sale due to his unwillingness or inability to make the mortgage payments. Applicant explained that he and his ex-wife got divorced. Following the divorce in 2012, he tried to live in the house and make the payments. He could not afford to do so. His ex-wife also tried to salvage the house and make the payments, but she could not afford to do so either. The house was purchased in 2020 and there was little equity in the house. The house was ultimately foreclosed upon and sold. (Tr. pp. 91-92.)

1.q. Applicant is indebted to the Federal Government for delinquent taxes in the amount of about \$4,500 for tax year 2018. These Federal taxes remain unpaid. (Tr. p. 73-74.)

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. Four are potentially applicable in this case:

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts;
- (c) a history of not meeting financial obligations; and
- (f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

Applicant lost his job through no fault of his own, and continued to spend excessively, incurring delinquent debt that he cannot afford to pay. His actions or inactions both demonstrate a history of making poor financial decisions and an inability to pay 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;

(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;

(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; and

(g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

Applicant is excessively indebted and cannot afford to pay his delinquent debts. Several courts have entered judgments against him for ignoring his debts. He has not contacted his creditors or set up any payment plans. He has made no effort to pay his delinquent debts. Each of the debts listed in the SOR remain owing. His conduct shows poor judgment and unreliability. He has a lot of work to do to resolve his delinquent debts and to show the Government that he can be financially responsible. None of the mitigating conditions are applicable.

There is insufficient 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 has failed to show financial responsibility and is not found to be sufficiently reliable to properly protect and access classified information.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. I conclude Applicant has not 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:	AGAINST APPLICANT
Subparagraphs 1.a. through 1.h.	Against Applicant
Subparagraphs 1.i.	For Applicant
Subparagraphs 1.j., through 1.l.	Against Applicant
Subparagraphs 1.m., 1.n., and 1.o.	For Applicant
Subparagraphs 1.p. and 1.q.	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with the national interest to grant or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Darlene Lokey Anderson
Administrative Judge