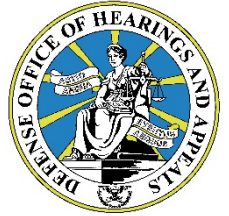




**DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:)
)
)
)
Applicant for Security Clearance)
_____)

ISCR Case No. 25-01205

Appearances

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

06/03/2026

Decision

FOREMAN, LeRoy F., Administrative Judge:

Applicant did not mitigate the security concerns under Guideline F (Financial Consideration). His application for eligibility for access to classified information and assignment to duties designated as national security sensitive is denied.

Statement of the Case

Applicant submitted a Questionnaire for National Security Positions (SCA) on December 9, 2024. On September 16, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DCSA acted under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) promulgated in Security Executive Agent Directive 4, *National Security Adjudicative Guidelines* (December 10, 2016), which became effective on June 8, 2017.

Applicant answered the SOR (Answer) on December 19, 2025, and requested a decision on the written record in lieu of a hearing. Department Counsel submitted the Government's written case on February 10, 2026. A complete copy of the file of relevant material (FORM) was sent to Applicant, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the Government's evidence. He received the FORM on March 6, 2026, and did not respond. The case was assigned to me on May 18, 2026.

The Government's FORM consists of the pleadings in the case and Applicant's answer to the SOR (Answer) (Government Exhibit (GE) 1) and the documents in support of the allegations in the SOR (GE 2 through 5). GE 2 through 5 are admitted into evidence, without objection.

Findings of Fact

The SOR alleges Applicant has 15 delinquent debts totaling approximately \$140,061 (SOR ¶¶ 1.a.-1.o.). He did not disclose any of the alleged debts in his December 2024 SCA. (GE 2) The allegations are supported by Applicant's February 2026 and January 2025 credit bureau reports (CBR). (GE 3 and 4) He admitted all the debts in his Answer. (GE 1)

Applicant is a 36-year-old married man with four children. He graduated from high school in 2008 and has no prior military service. He is sponsored for a security clearance by a government contractor, where he has been employed since August 2016. He answered "No" to having any bills or debts placed for collection or charged off in his SCA and confirmed his answer during his enhanced subject interview (ESI) on January 28, 2025. (GEs 2 and 5) He discussed the debts only after being confronted by the investigator conducting his interview. He agreed with the delinquent account information the investigator provided him, detailing over \$100,000 in delinquent debt, and stated he did not list the accounts in his SCA because he had forgotten about them. (GE 5)

During his ESI, Applicant explained that he started to fall behind on his debts when he began a house remodeling project, and the contractor required a large sum of money up front. He made the payment and, as a result, began to fall behind on his other debts. At the time of his interview, he stated that he would investigate the delinquent accounts and develop a plan to resolve them. (GE 5)

In his Answer to the SOR, Applicant stated that all his accounts "became delinquent around the same time due to significant financial hardship caused by a marital separation." (GE 1) As a result of his marital separation, he had to maintain two separate households which ultimately became financially unsustainable. He and his wife later reconciled, and he returned home, however, at that time, he was already substantially behind on multiple accounts and was unable to address them all and maintain his ongoing living expenses. Despite his assertions during his January 2025 ESI that he would investigate the delinquent accounts and develop a plan to resolve them, he provided no plan or proof of any payments made towards resolution when he answered the SOR in

December 2025. (GE 1, 5) Instead, he restated what he said nearly a year ago that he planned to seek “a fair and realistic way to address [his] past-due obligations.” (GE 1)

Policies

This case is adjudicated under Executive Order 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) implemented by the DOD on June 8, 2017.

“[N]o one has a ‘right’ to a security clearance.” *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). As Commander in Chief, the President has the authority to “control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information.” *Id.* at 527. The President has authorized the Secretary of War or his designee to grant applicants eligibility for access to classified information “only upon a finding that it is clearly consistent with the national interest to do so.” Exec. Or. 10865 § 2.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, an administrative judge applies these guidelines in conjunction with an evaluation of the whole person. An administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available and reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. Decisions include, by necessity, consideration of the possible risk that the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about potential, rather than actual, risk of compromise of classified information.

Clearance decisions must be made “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” Exec. Or. 10865 § 7. Thus, a decision to deny a security clearance is merely an indication the applicant has not met the strict guidelines the President and the Secretary of War have established for issuing a clearance.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. See *Egan*, 484 U.S. at 531. “Substantial evidence” is “more than a scintilla but less than a preponderance.” See *v.*

Washington Metro. Area Transit Auth., 36 F.3d 375, 380 (4th Cir. 1994). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant's security suitability. See ISCR Case No. 15-01253 at 3 (App. Bd. Apr. 20, 2016).

Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant has the burden of proving a mitigating condition, and the burden of disproving it never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005).

An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531.

Analysis

Guideline F, Financial Considerations

The concern under this guideline 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 evidence in the FORM establishes the following disqualifying conditions under this guideline:

AG ¶ 19(a): inability to satisfy debts; and

AG ¶ 19(c): a history of not meeting financial obligations.

The following mitigating conditions are potentially applicable:

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;

AG ¶ 20(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;

AG ¶ 20(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

AG ¶ 20(d): the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

None of the mitigating conditions apply. AG ¶ 20(a) is not established, because, despite Applicant's assertion that the debt was accrued either as a result of construction costs or marital separation, he failed to meet his burden to show a causal link between his debts and these unusual circumstances he described. Furthermore, there is little to no evidence to establish that the condition does not continue, because the record is devoid of evidence of financial stability. AG ¶¶ 20(b) and 20(c) are not established, because there is no evidence of responsible action he took at the time the debts were accrued or proof of financial counseling and clear indications that the problem is being resolved or is under control. Lastly, AG ¶ 20(d) is not established. Although he has stated repeatedly in the past that he plans to come up with a plan to resolve the debts, he has provided no evidence of a plan, or proof of any attempts at good-faith debt resolution. His most recent CBRs indicate that there has been little to no movement on his debt totals since his ESI, despite his previous promises that he will address his delinquent debts. (GE 3-5)

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;

