DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00822
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Alison P. O’Connell, Esq., Department Counsel
For Applicant: *Pro se*

05/29/2026

Decision

DORSEY, Benjamin R., Administrative Judge:

Applicant did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

Statement of the Case

On July 22, 2025, the Department of Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons to Applicant detailing security concerns under Guideline F (financial considerations). Applicant, through an attorney who has since withdrawn his appearance, responded to the Statement of Reasons on September 17, 2025, and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The case was assigned to me on April 1, 2026.

The hearing was convened as scheduled on May 5, 2026, over the Microsoft Teams online network. Government Exhibits (GE) 1 through 7 were admitted in evidence over Applicant’s objection concerning the Government’s credit reports that raised an issue about the weight of the evidence rather than its admissibility. Applicant Exhibits (AE) A through P were admitted in evidence, without objection. At Applicant’s request I left the record open for two weeks after the close of the hearing for the parties to provide post-hearing documentation. Applicant provided AE Q through X, which I admitted in evidence without objection. Applicant also provided a document in which he objected to a statement that Department Counsel allegedly made in her closing argument characterizing Applicant's debts as "too much." He objected to this alleged statement because it was opinion and not fact. I overruled his objection as untimely and an inappropriate basis for an objection to a statement made during a closing argument. DOHA received a transcript of the hearing (Tr.) on May 12, 2026.

Findings of Fact

Applicant is a 53-year-old employee of a government contractor for which he has worked since April 2023. Before then, he had been unemployed since February 2023. He was also unemployed from March 2020 until September 2020 because of the COVID-19 pandemic. He has never married and has no children. He earned a high school diploma in 1990 and a bachelor's degree in 1997. (Tr. 35-36; Answer; GE 1, 2)

In the SOR, the Government alleged that Applicant had twelve delinquent accounts totaling approximately $47,000. These accounts consist of the following: a credit card charged off in the approximate amount of $8,487 (SOR ¶ 1.a); a credit card charged off in the approximate amount of $7,465 (SOR ¶ 1.b); a credit card charged off in the approximate amount of $5,870 (SOR ¶ 1.c); a credit card charged off in the approximate amount of $5,433 (SOR ¶ 1.d); a credit card charged off in the approximate amount of $4,751 (SOR ¶ 1.e); a credit card charged off in the approximate amount of $3,709 (SOR ¶ 1.f); a credit card charged off in the approximate amount of $3,576 (SOR ¶ 1.g); a credit card charged off in the approximate amount of $2,851 (SOR ¶ 1.h); a credit card charged off in the approximate amount of $1,612 (SOR ¶ 1.i); a credit card placed for collection in the approximate amount of $1,557 (SOR ¶ 1.j); a credit card placed for collection in the approximate amount of $1,466 (SOR ¶ 1.k); and a credit card placed for collection in the approximate amount of $987 (SOR ¶ 1.l). In the Answer, he did not explicitly admit or deny the SOR allegations. However, the SOR allegations are established by the Government's credit reports. (SOR; Answer; GE 2-7)

In 2019, Applicant was current on the accounts listed in the SOR. However, he decided that he wanted to reduce his payments to increase his savings, so he hired a company (Company R) to negotiate with the SOR creditors to lower his payments or decrease his balances. Company R advised him to stop making payments to the creditors and default on the SOR accounts. He followed Company R's advice, stopped making payments to the creditors, and defaulted on all the SOR accounts in 2019. Instead, he made monthly payments to Company R, which negotiated settlements with the SOR creditors and used Applicant's payments to it to pay the settlement amounts. Applicant made payments of about $450 to $700 per month to Company R from August or September of 2019 until March 2020, when he lost his job because of the COVID-19 pandemic. After he lost his job, he could no longer afford to make payments to Company R. He paid about $3,000 to $4,000 in total to Company R. Company R, in turn, paid a portion of the debt in SOR ¶ 1.i. Neither Applicant nor Company R made additional payments to the creditor in SOR ¶ 1.i since about March 2020. (Tr: 30-32, 38-40, 69-70; Answer; GE 2; AE B, C, F)

Applicant has not contacted or attempted to resolve the accounts listed in SOR ¶¶ 1.a through 1.c, 1.e, 1.h, and 1.i. He claimed that he did not do so because he did not want to overextend himself and make payment arrangements that he could not afford. He also claimed that he first attempted to resolve the accounts with the SOR creditors who contacted him. In January 2026, the creditor for the account in SOR ¶ 1.b sent him an IRS Form 1099-C cancelling the debt in that subparagraph. He provided a document from the IRS to that effect. He plans to report that cancellation as income on his 2026 federal income tax return. Beginning with the debt in SOR ¶ 1.i, he plans to settle these unresolved accounts through payment arrangements when he completes the payment arrangements he has in place as described herein. (Tr. 30-33, 46-49, 58-60, 74; Answer; GE 2-7; AE Q)

Applicant made a payment arrangement and complied with the required payments on the accounts listed in SOR ¶¶ 1.d, 1.f, 1.g, 1.j, 1.k, and 1.l. The status of those payment arrangements follows. (Tr. 32-33, 49-65, 73; Answer; GE 2-7; AE C, K, L, O)

In 2021, the creditor for the account in SOR ¶ 1.d filed a lawsuit against Applicant to collect the balance he owed on the account. After court-sponsored mediation, Applicant agreed to make monthly payments of $50 beginning in September 2021 and continuing until the balance was paid. If he timely made those payments totaling $7,533, the creditor would consider the account satisfied. He has made the agreed-upon payments since December 1, 2022, and the balance at the time of the hearing was about $4,700. (Tr. 32-33, 49-51; Answer; GE 2-7; AE C, K, L, O)

In the fall of 2021, the creditor for the account in SOR ¶ 1.f filed a lawsuit against Applicant to collect the balance he owed on the account. After court-sponsored mediation, Applicant agreed to make monthly payments of $50. If he timely made those payments totaling $6,009, the creditor would consider the account satisfied. He provided documentary evidence reflecting that he was current on those payment arrangements as of January 2026, and his balance was $3,259. The current balance is $3,109, which reflected payments between January 2026 and the hearing. (Tr. 32-33, 51-52; Answer; GE 2-7; AE C, I, J, M, N)

In April 2025, the creditor for the debt in SOR ¶ 1.g sent Applicant a settlement offer of 12 monthly payments totaling $715. Applicant made these payments and provided a letter from the creditor acknowledging that the account is settled. He also provided a portion of a credit report showing that the account was settled for less than the full balance. (Tr. 32-33, 52-57; Answer; GE 2-7; AE C, D, P, S, W, X)

In the fall of 2022, the creditor for the account in SOR ¶ 1.j filed a lawsuit against Applicant to collect the balance he owed on the account. In November 2022, after court-sponsored mediation with the creditor, Applicant agreed to make monthly payments of $35 from December 1, 2022 until he paid a total of $2,943. If he timely made those payments, the creditor would consider the account satisfied. He has made the agreed-upon payments since December 1, 2022. He provided documentary evidence reflecting a current balance of about $1,500. (Tr. 32-33, 60-64, 73; Answer; GE 2-7; AE C, D, G, T)

Beginning in 2023, Applicant made a payment arrangement with the creditor in SOR ¶ 1.k to make monthly payments in the amount of $56 until the balance was paid in full. He has timely made the payments pursuant to that payment arrangement. He provided a document from the creditor dated January 30, 2026, that reflected a balance of $1,015 on this account. The current balance is $846, which reflected payments between January 2026 and the hearing. (Tr. 32-33, 64-65; Answer; GE 2-7; AE C, I, M, N, V)

In the fall of 2022, the creditor for the account in SOR ¶ 1.l filed a lawsuit against Applicant to collect the balance he owed on the account. In November 2022, after court-sponsored mediation with the creditor, Applicant agreed to make monthly payments of $25 from December 1, 2022, until he paid a total of $2,019. If he timely made those payments, the creditor would consider the account satisfied. He has made the agreed-upon payments since December 1, 2022. He provided documentary evidence of a current balance of about $934. (Tr. 32-33, 60-64, 73; Answer; GE 2-7; AE C, H, U)

From September 2020 until February 2023 Applicant earned between $68,000 and $82,000, annually. When he started with his current employer in February 2023, he earned $95,000, annually. Since April 2023, he has earned $105,000, annually. He earns $6,118 in take-home pay every month. He initially testified that he has about $2,000 in surplus funds after he pays his financial obligations each month. However, he later amended that amount down to $600 to $1,200. He had about $1,600 to $2,000 in a savings account, which he claimed had been depleted by a recent significant outgoing payment. He had about $1,500 in a checking account. He claimed that he intended to make a payment arrangement on the rest of his SOR accounts, and that he may be able to be more aggressive with the amount he offers. He has no other delinquent accounts. As of May 8, 2026, his credit score was 618. As of February 23, 2026, he has been current on his federal income taxes. (Tr. 36-37, 40-45, 65-73; Answer; AE E, R)

Applicant provided three character-reference letters. Two are from work colleagues and one is from a private-sector customer for whom he performed website development. They write that he is a talented developer who needs a security clearance to recognize his full professional potential. They write that he is enthusiastic, has a positive attitude, is a problem solver, and they highly recommend him. (Answer)

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 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 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 had twelve delinquent accounts totaling approximately $47,000. He was delinquent on these accounts sometime in 2019. The above-referenced disqualifying conditions are established.

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; and
>
> (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

Once disqualifying conditions are established, Applicant has the burden of proof to show evidence in mitigation. He first became delinquent on the SOR accounts in 2019 because he voluntarily defaulted on them, so his initial default was not largely beyond his control. While he since had short periods of unemployment and underemployment that caused him to cease his payments to Company R and delayed his ability to address his delinquent debts, he has been earning a fairly significant amount of money for about three years. While he has made payment arrangements with six of the twelve SOR creditors and complied with those arrangements, with the exception of one account he is resolving, he did so after either being sued by creditors or approached by them with a settlement offer. Waiting until he was sued tends to diminish a showing of good-faith resolution of these debts. He settled one of those six accounts by paying less than the full balance. However, overall, the payment arrangements he made are fairly insubstantial, and he has only paid about $10,000 of the $47,000 in SOR debts. This progress is not sufficient to show a track record of financial responsibility.

Applicant has not contacted half the SOR creditors or made any payments on those accounts. Therefore, his financial issues are ongoing, and I do not find they are unlikely to recur. While he received a Form 1099-C document from the IRS cancelling one of the unresolved debts, this action is of little mitigative value because it merely tends to prove that the creditor gave up on collecting the unpaid debt. The budget to which he testified tends to show that he could afford to do more to address his debts, which undermines his evidence of showing that he acted responsibly under the circumstances. For these reasons, despite limited applicability of AG ¶ 20(d) on the accounts he is resolving, there is insufficient evidence that any of the aforementioned mitigating conditions are applicable to the extent necessary to overcome the security concerns raised by his financial delinquencies.

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. I am hopeful that Applicant will be more proactive and assertive in resolving his delinquent accounts. Then he may be able to gain security clearance eligibility in the future. As it currently stands, he has not mitigated the financial considerations security concerns, and I have doubts regarding his judgment, reliability, and trustworthiness.

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.l:	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.

Benjamin R. Dorsey
Administrative Judge