DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00837
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Jenny G. Bayer, Esq., Department Counsel
For Applicant: *Pro se*

06/16/2026

Decision

BORGSTROM, Eric H., Administrative Judge:

Applicant did not mitigate the financial considerations security concerns arising from his delinquent debts. Eligibility for access to classified information is denied.

Statement of the Case

On July 25, 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 DCSA acted under Executive Order (EO) 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.

In Applicant's October 8, 2025 response to the SOR (Answer), he admitted, with explanations, all but one (SOR ¶ 1.b.) of the eight alleged delinquent debts. He attributed his financial delinquencies to a period of unemployment during the COVID-19 pandemic. He claimed to being disputing one account (SOR ¶ 1.b.), to have settled three accounts (SOR ¶¶ 1.c., 1.e., 1.g.), and to be making payments on two accounts (SOR ¶¶ 1.d. and 1.f.). He attached documentary evidence establishing settlement payments for SOR ¶¶ 1.c., 1.e., and 1.g., a partial payment on SOR ¶ 1.f., and three payments on SOR ¶

1.d. He requested a decision by an administrative judge from the Defense Office of Hearings and Appeals (DOHA) based upon the written record in lieu of a hearing. (Answer)

On January 27, 2026, Department Counsel submitted a file of relevant material (FORM) and provided a complete copy to Applicant. Department Counsel's FORM included Government Exhibits (GE) 1 through 6. In the FORM, Department Counsel provided Applicant notice that failure to respond to the FORM may be considered a waiver of any objections to the admissibility of the evidentiary exhibits.

On February 19, 2026, Applicant received the FORM and its attachments. A cover letter included with the FORM advised Applicant that he had 30 days from the date of receipt to file any objections or to provide any additional information in support of his clearance eligibility.

In an undated six-page response (FORM Response), Applicant provided additional information about his financial hardships, his debt-resolution efforts, and his military and professional careers. His FORM Response references Exhibits A through F, but his attachments did not include an Exhibit C. I have marked them as Applicant's Exhibits (AE) A through E.[1] The case was assigned to me on May 11, 2026. Government's Exhibits (GE) 1 through 13 and AE A through E are admitted into evidence without objection.

Findings of Fact

Applicant is 61 years old. He graduated from high school in 1983. From 1985 to 1993, he served in the Army National Guard, from which he was honorably discharged. He was activated and deployed as part of Operation Desert Shield/Desert Storm. He earned an Army Achievement Medal, National Defense Medal, and Army Service Ribbon. He married in 1994 and divorced in 2009. He has two adult children. He has been residing with his partner since March 2020; however, his job responsibilities typically have him assigned overseas. He was granted a confidential clearance in 1985 and a secret clearance in 1990. (GE 3; FORM Response at 1-2; AE E)

From May 2010 to December 2019, Applicant was employed as a business development manager for a medical supply company. On his January 2024 security clearance application (SCA), he reported that he had been fired from this position for not meeting the required quota. He was unemployed from January to March 2020. From March 2020 to February 2021, he was employed full time as a sales manager for a different medical supply company. From February to December 2021, he was employed full time as a branch manager for a private home care company. On his SCA, he reported that he left by mutual agreement following notice of unsatisfactory performance. From January to May 2022, he was unemployed. From June 2022 to January 2023, he was

[1] AE A (monthly budget); AE B (credit report, score, and monitoring); AE C (payments on SOR ¶ 1.d.); AE D (payments on SOR ¶¶ 1.b., 1.d.-1.g. and a payment agreement on SOR ¶ 1.c.); AE E (DD-214).

employed full time as a facility administrator for a private company. On his security questionnaire, he reported that he left by mutual agreement. From February to March 2023, he was unemployed. Since April 2023, he has been employed full time as a regional program manager for a federal contractor. (GE 3)

On January 14, 2024, Applicant certified and submitted an SCA. Under Section 26 – Financial Record, he reported two delinquent accounts, including SOR ¶ 1.d. (GE 3)

SOR ¶ 1.a. Applicant's March 2026 credit report establishes that this vehicle loan was opened in October 2016, became delinquent in September 2019, and was charged off as of April 2022 in the approximate amount of $27,660.[2] In his Answer, Applicant admitted this debt and the vehicle repossession, and noted that the account was closed. He did not indicate any further communications with the creditor, express an intent to repay this debt, or provide evidence of efforts to resolve this debt. **This debt is not resolved.** (Answer at 3; GE 4 at 2, GE 5 at 2, GE 6 at 1; AE B as 3-5)

SOR ¶ 1.b. This apartment rental account was placed for collection in May 2018 in the approximate amount of $2,924. In his Answer, Applicant denied and disputed this debt, claiming that the landlord, from whom he had rented an apartment, had "imposed unwarranted fees at the end of [his] lease." In his FORM Response, he continued to dispute this debt and expressed his intent to dispute the account "through legal avenues." There is no evidence of any actions taken to dispute this debt either through the credit bureaus or with the creditor. **This debt is not resolved.** (Answer at 3; GE 4 at 2; FORM Response at 3)

SOR ¶ 1.c. This credit-card account was opened in December 2018 and was charged off as of January 2024 in the approximate amount of $2,188. In August 2025, Applicant and the creditor agreed to settle this debt for $1,094 to be paid by August 7, 2025. He also provided documentary evidence of a $1,094 payment on August 8, 2025. **This debt is resolved.** (Answer at 5-6; GE 4 at 3, GE 5 at 2; AE D)

SOR ¶ 1.d. This credit-card account placed for collection in September 2019 in the approximate amount of $2,098. With his FORM Response, Applicant provided documentary evidence of eight payments, totaling $2,098, between July 2025 and February 2026 to satisfy this debt. **This debt is resolved.** (Answer at 7-8, 16; GE 4 at 3, GE 5 at 3; AE C, AE D)

SOR ¶ 1.e. This credit card account was placed for collection in October 2019 in the approximate amount of $1,628. In May 2025, Applicant paid $896 to settle this debt. **This debt is resolved.** (Answer at 9-11, 17; GE 4 at 3, GE 5 at 3; AE D)

[2] I note for the record that, as printed or presented by Applicant, the March 2026 credit report appears to be missing portions of the report.

SOR ¶ 1.f. This credit-card account was opened in February 2014 and was placed for collection in December 2019 in the approximate amount of $1,384. In August 2025, Applicant paid this debt in full. **This debt is resolved.** (Answer at 12, 15; GE 4 at 3, GE 5 at 3; AE D)

SOR ¶ 1.g. This medical bill was placed for collection in May 2021 in the approximate amount of $1,203. In August 2025, Applicant paid $1,209 to satisfy this debt. **This debt is resolved.** (Answer at 13-14; GE 4 at 4, GE 5 at 3; AE D)

SOR ¶ 1.h. Applicant's March 2026 credit report reflects that Applicant incurred this mortgage loan in February 2018, and it became delinquent in May 2019. It was foreclosed upon, and the property was sold in about January 2021. Applicant's credit reports reflect a zero balance on this account. In his Answer, Applicant admitted this foreclosed mortgage and that his house was auctioned. He did not provide any information as to whether there was a deficiency balance on the mortgage following the sale of the property. (Answer at 4; GE 4 at 5)

Applicant's January 2026 and March 2026 credit reports reflect a medical account placed for collection in October 2025 in the approximate amount of $2,349. On March 9, 2026, Applicant paid $1,527 on this delinquent debt; however, this debt remains unresolved. I have not considered this delinquent account as a disqualifying security concern; however, this new collection account is relevant in the consideration of the mitigating evidence. (GE 6 at 1; AE B at 14, AE D)

With his FORM Response, Applicant included a monthly budget. This budget reflects an annualized income of $73,100. The monthly expenses, totaling $4,017, include car insurance expenses but no fuel or repairs expenses. This budget estimated Applicant's net monthly remainder as approximately $1,357. (AE A)

Policies

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(a), 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 sensitive 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 sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive 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's admissions and the documentary evidence established the eight delinquent accounts, totaling approximately $39,100. These debts became delinquent between May 2018 and January 2024. AG ¶¶ 19(a) and 19(c) apply.

Conditions that could mitigate financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable in this case:

> (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;
>
> (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.

Applicant bears the burdens of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his or her debt-resolution efforts or required to be debt-free. "Rather, all that is required is that an applicant act responsibly given his circumstances and develop a reasonable plan for repayment, accompanied by 'concomitant conduct,' that is, actions which evidence a serious intent to effectuate the plan." ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017). *See*, *e.g.*, ISCR Case No. 13-00987 at 3, n.5 (App. Bd. Aug. 14, 2014).

Applicant reported periods of unemployment from January to March 2020, January to May 2022, and February to March 2023. He attributed his financial delinquencies to a period of unemployment due to the COVID-19 pandemic; however, this attribution is unsupported by the record evidence. Several accounts were delinquent, and some placed for collection prior to his unemployment in January 2020. Furthermore, he reported on his

SCA that he was terminated in December 2019 for not meeting a sales quota and that he left by mutual agreement following notice of unsatisfactory performance in December 2021. He has not established that his financial delinquencies were triggered by his unemployment, but his periods of unemployment inhibited his ability to address and resolve these accounts.

Applicant has been gainfully employed since April 2023. After completing his SCA in January 2024, he did not initiate any debt-resolution efforts, with regards to the alleged debts, until May 2025. In May 2025, he settled SOR ¶ 1.e. All other debt-resolution efforts occurred after the July 2025 issuance of the SOR. He has resolved five accounts (SOR ¶¶ 1.c. through 1.g.) in the last year. His inaction as to his delinquent accounts, despite his gainful employment for over two years, undercuts the "good faith" and responsibility of his debt-resolution efforts. *See* ISCR Case No. 10-05909 at 3 (App. Bd. Sep. 27, 2012) (Judge properly considered the manner and timing of applicant's debt repayments and that these debt-resolution efforts were prompted by the impending security clearance process). Despite his awareness of SOR ¶ 1.d. at the time he completed his January 2024 SCA, he took no steps to address this account until May 2025. Notwithstanding the concerns about Applicant's inaction and delay in addressing his financial delinquencies, AG 20(d) applies to mitigate the financial considerations security concerns as to SOR ¶¶ 1.c. through 1.g

As to SOR ¶ 1.b., Applicant disputes this account and claims that the fees imposed by the landlord were unwarranted; however, he has provided no further information about the debt, his communications with the creditor, or any disputes filed. He has not provided a reasonable basis for the dispute, documented proof to substantiate the basis of the dispute, or evidence of actions to resolve the issue. AG ¶ 20(e) does not apply.

As to SOR ¶ 1.h., Applicant admitted that he defaulted on his mortgage account, the mortgage was foreclosed, and the house was sold. There is no documentary evidence showing whether there is a deficiency balance on this account. That said, Applicant's credit reports reflect a zero balance on this mortgage account. Even if Applicant is no longer liable on this defaulted mortgage, he has not provided evidence to establish that he acted responsibly to address and resolve this debt.

As to SOR ¶ 1.a., Applicant admitted this debt and averred that the account was "closed." Even if the account was charged off, he has not resolved his financial obligation. More importantly, he has not taken any actions to contact this creditor or to resolve this delinquent debt.

After the issuance of the SOR, Applicant took significant steps to address and resolve five of his delinquent accounts. Then his debt-resolution efforts largely ceased. There is no evidence of a reasonable plan to address and resolve SOR ¶¶ 1.a. and 1.b. or steps in furtherance of such a plan. He did not mitigate the financial considerations security concerns.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for access to classified information 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 considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F and the factors in AG ¶ 2(d) in this whole-person analysis.

Applicant served honorably in the military during Operation Desert Shield/Desert Storm. He experienced periods of unemployment triggered, at least in part, by his unsatisfactory work performance. Even assuming these circumstances were largely beyond his control, he did not establish that he acted responsibly to address and resolve his finances until over two years after his gainful employment with a federal contractor. He settled one account prior to the issuance of the SOR, but his remaining debt-resolution activities occurred afterwards. He has taken no steps to pursue his dispute on one account (SOR ¶ 1.b.), and he has expressed no interest and taken no steps to address and resolve the largest delinquent account (SOR ¶ 1.a.). Given his inaction for years regarding his delinquent debts and his continued inaction on the two remaining debts, I cannot conclude that he mitigated the concerns about his finances.

This decision should not be construed as a determination that Applicant cannot obtain a security clearance in the future. With a track record of financial responsibility and debt-resolution efforts, Applicant may eventually overcome the aforementioned 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.b.:	Against Applicant
Subparagraphs 1.c.-1.g.:	For Applicant
Subparagraph 1.h.:	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is not clearly consistent with the national interest to grant Applicant's eligibility for access to classified information.

Eric H. Borgstrom
Administrative Judge