DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00976
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Sakeena Farhath, Esq., Department Counsel
For Applicant: *Pro se*

06/30/2026

Decision

GOLDSTEIN, J., Administrative Judge:

This case involves unresolved security concerns raised under Guideline F (Financial Considerations). Clearance is denied.

Statement of the Case

On September 23, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent Applicant 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 2, 2025, and requested a decision on the written record in lieu of a hearing. He attached nine pages of related documents to his Answer. Department Counsel submitted the Government's written case on April 14, 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. The FORM consists of 13 exhibits. GE 1 through 13 are admitted in evidence without objection. GE 2 contained Applicant's Answer and all attachments submitted with the Answer. Applicant received the FORM on April 20, 2026, and did not respond. The case was assigned to me on June 17, 2026.

Findings of Fact

SOR ¶¶ 1.a through 1.j alleged that Applicant had ten delinquent debts totaling approximately $12,000 that remain unresolved. In his Answer to the SOR, he denied SOR ¶¶ 1.a-1.i. He admitted SOR ¶ 1.j. His admission is incorporated into the findings of fact.

Applicant is a 55-year-old employee of a defense contractor. He is married to his second wife. He has two adult children and two minor children. He possesses a master's degree in education. He served on active duty in the Army from 1988 until his honorable discharge in 1991, and in the Army National Guard from 1992 until his honorable discharge in 1996. He was unemployed from March 2020 to April 2021. From April 2021 to August 2023, he worked for a government contractor but was furloughed in August 2023 due to budget issues. He was self-employed from September 2023 through May 2024. He has worked for his current employer since June 2024. (GE 3)

Applicant has three separate debts, alleged as SOR ¶¶ 1.a-1.c, held by the same collection agency in the amounts of $1,143, $1,084, and $844. His May 6, 2025, security clearance application (SCA) identified these debts as credit cards that became late when he was furloughed. He noted on his SCA that he was attempting to negotiate payments to get the debts resolved. In his Answer, he indicated he had requested validation of each of these debts under the Fair Debt Collection Practices Act and that he planned to resolve or settle the accounts once verified. He provided a letter to the collection agency dated September 1, 2025, disputing the validity of these accounts. As of March 2026, all three accounts were identified as seriously past due in his credit report. They are unresolved. (Answer; GE 3, 5, 6)

SOR ¶ 1.d alleged that Applicant had a $645 charged-off account owed to a bank. He indicated, "[t]his debt has been charged off and should not have been placed on my credit report." (Answer) With his Answer, he provided a letter, dated September 1, 2025, that he wrote to the collection agency disputing the validity of this debt. His March 2026 credit report reflected that his unpaid balance was reported as a loss. This debt is unresolved. (Answer; GE 5, 6)

SOR ¶ 1.e alleged that Applicant had a $490 account placed for collection. He indicated that it was "the subject of a dispute with the collector." (Answer) He requested validation of this debt under the Fair Debt Collection Practices Act and planned to resolve or settle the account once verified. He provided a letter to the collection agency dated September 1, 2025, that disputed the validity of the debt. As of March 2026, this debt was identified as seriously past due in his credit report. It is unresolved.

SOR ¶ 1.f alleged that Applicant had a $478 account placed for collection. On his SCA, he identified this debt as a credit card that became late when he was furloughed. At that time, he said he was "currently in talks with them to set up a payment plan." (SCA at 42) However, in his Answer, he indicated that it was "the subject of a dispute with the collector." (Answer) His October 2021 credit report reflected that it was assigned to a collection agency in July 2020. (GE 10) He requested validation of this debt under the Fair Debt Collection Practices Act and planned to resolve or settle the account once verified. With his Answer, he provided a letter, dated September 1, 2025, that he wrote to the account holder disputing the validity of this debt. However, he presented nothing further to show how that dispute was resolved. This debt is unresolved.

SOR ¶¶ 1.g and 1.h alleged that Applicant had two separate charged-off accounts held by the same creditor in the amounts of $445 and $427, respectively. He indicated that they were "the subject of a dispute with the collector." (Answer) He requested validation of these debts under the Fair Debt Collection Practices Act and indicated he planned to resolve or settle the accounts once verified. He provided copies of letters to the creditor, dated September 1, 2025, disputing the validity of both accounts. However, he presented nothing further to show how that dispute was resolved. This debt is unresolved.

SOR ¶ 1.i alleged that Applicant had a past-due account in the amount of $437. He indicated that it was "the subject of a dispute with the collector." (Answer) He indicated he had requested validation of this debt under the Fair Debt Collection Practices Act and planned to resolve or settle the account once verified. With his Answer, he provided a letter, dated September 1, 2025, that he wrote to the creditor disputing the validity of this debt. This debt was identified as outstanding as of September 2021 and remained delinquent as of the March 2026 credit report. (GE 5, 10) It is unresolved.

SOR ¶ 1.j alleged that Applicant was indebted to the Department of Education for student loans that were past due for 120 or more days in the approximate amount of $6,099, with a total balance of about $159,000. He incurred the student-loan debt between October 2009 and September 2014. He provided a letter, dated September 11, 2025, from a servicer of the federal student aid program that indicated his student loans were placed in forbearance, were considered in good standing, and were not in default. His forbearance was approved for the period January 13, 2025, through July 21, 2025. His monthly payment was set at $0 while he applied for an income-based repayment plan. Over the life of his student loans, records show that he had a payment agreement to pay small monthly amounts in the past, but "was 90 days past due 3 times." (Answer at 9; GE 5, 11, 12, 13)

Applicant's personal financial statement shows a net remainder of $5,250 after his and his wife's monthly expenses are paid. He is on a payment plan to resolve his delinquent child support. His child support payments are deducted directly from his paycheck. (GE 11)

Policies

"[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 Defense 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 Defense 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* at 531. Substantial evidence is "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all the contrary evidence in the same record." *See* ISCR Case No. 17-04166 at 3 (App. Bd. Mar. 21, 2019). It is "less than the weight of the evidence, and the possibility of drawing two inconsistent conclusions from the evidence does not prevent [a Judge's] finding from being supported by substantial evidence." *Consolo v. Federal Maritime Comm'n,* 383 U.S. 607, 620 (1966). "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. 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* at 531.

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. . . . 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 sets forth several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable in this case:

(b) unwillingness to satisfy debts regardless of the ability to do so; and

(c) a history of not meeting financial obligations.

Applicant has nine delinquent consumer accounts totaling approximately $6,000. The alleged consumer debts are established by his SCA and the credit reports in evidence. He incurred these debts between 2020 and 2024, and despite expressing his intent to resolve them, he has not. The evidence demonstrated that he has a history of not meeting his financial obligations for at least the past six years. Additionally, he admitted to having been delinquent on his student loans. While his student loans are in good standing now, their previously delinquent status and his current delinquent debts support a finding that he has a history of not meeting financial obligations. Moreover, he has not documented payments on any of the alleged delinquent consumer debts, despite reporting a monthly net remainder of $5,250. Thus, the Government also produced sufficient evidence to show that Applicant is unwilling to satisfy his debts. The above disqualifying conditions apply.

Conditions that could mitigate 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;
>
> (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 action to resolve the issue.

Applicant is not making payments on his consumer debts or his student loans, despite having a monthly surplus of funds. The record evidence shows that the financial concerns are ongoing and continues to cast doubt on his current reliability, trustworthiness, and good judgment. AG ¶ 20(a) does not provide mitigation.

Applicant stated that his delinquent debts are largely due to his furlough in 2023. I also note that he was unemployed from March 2020 to April 2021. While these are circumstances beyond his control, he has not established evidence of reasonable or responsible steps taken to resolve his delinquencies. His letters to his creditors were a step toward addressing the consumer debts, but he failed to provide any follow-up information documenting responsible action. Similarly, obtaining an income driven repayment plan for his student loans was a step in the right direction, but the evidence established that he still is indebted on the student loans and is not paying anything towards resolving them. AG ¶ 20(b) does not provide mitigation.

Applicant did not indicate that he has undertaken credit counseling or produce evidence that his financial problems are being resolved or are under control. He presented no proof of payments on his consumer debts, despite having relatively small balances and a monthly surplus of funds available. With respect to his student loans, while they are in good standing, the lack of active payments remain a point of concern.

"Applicant failed to take steps to resolve the student loans in a timely manner and did not set forth any plan to pay them." ISCR Case No. 16-03709, 2018 DOHA LEXIS 180, at 2 n.2 (App. Bd. Jul. 2, 2018). AG ¶¶ 20(c) and 20(d) do not provide full mitigation.

AG ¶ 20(e) does not apply to Applicant's consumer debts because he did not express a reasonable basis to dispute their legitimacy. Nor did he provide documentation to support his claims beyond the letters that asked the creditors or collection agencies to establish the validity of the accounts. With respect to his debts that were charged off, "[A] charge off does not extinguish liability for the debt." ISCR Case No. 16-03704 at 2 (App. Bd. Aug. 23, 2018).

Whole-Person Analysis

Under AG ¶ 2(c), the ultimate determination of whether to grant a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. An administrative judge must evaluate an applicant's security eligibility by considering the totality of the applicant's conduct and all the 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; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). Because Applicant requested a determination on the record without a hearing, I had no opportunity to question him or evaluate his credibility and sincerity based on demeanor. *See* ISCR Case No. 01-12350 at 3-4 (App. Bd. Jul. 23, 2003). After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concern raised under the alleged financial considerations.

Formal Findings

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F (Financial Considerations):	AGAINST APPLICANT
Subparagraphs 1.a -1.j:	Against Applicant

Conclusion

I conclude that it is not clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is denied.

Jennifer Goldstein
Administrative Judge