DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01226
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Erin Thompson, Esq., Department Counsel
For Applicant: *Pro se*

06/23/2026

Decision

HYAMS, Ross D., Administrative Judge:

Applicant failed to mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

Statement of the Case

On October 3, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant answered the SOR on October 27, 2025, and requested a hearing before an administrative judge.

The case was assigned to me on April 6, 2026. The hearing was convened on May 19, 2026. Department Counsel submitted Government Exhibits (GE) 1-7, which were admitted in evidence without objection. Applicant did not provide any documentation for consideration. After the hearing concluded, I held the record open for ten days to allow Applicant to submit documentation, and he submitted Applicant's Exhibits (AE) A-I, which were admitted without objection.

Findings of Fact

Applicant admitted all the SOR allegations, SOR ¶¶ 1.a-1.j with explanation. Based on my review of the pleadings, evidence submitted, and testimony, I make the following findings of fact.

Applicant is 44 years old. He graduated high school in 2000 and has attended some college. He married in 2005 and has three adult stepchildren. He served on active duty in the Army from 2008-2018 as an aviation mechanic and he received an honorable discharge. He worked for a defense contractor overseas from 2021-2024. He worked as a truck driver from October 2024 – February 2025. He has worked overseas for a defense contractor as an avionics and electrical advisor for about a year. (Tr. 16-20; GE 1)

Starting in 2021, when Applicant began working overseas, he was making about $164,000 annually. He had planned to work overseas for at least six years, so he and his wife could afford to purchase a home and to make related home improvements. In 2023, they purchased a home. About a month later, they hired a contractor to do a $110,000 upgrade to their backyard, to include a pool, outdoor kitchen, fire pit, and fencing. Applicant took out a loan for the project and paid the contractor mostly upfront. The contractor started the project, dug up parts of the backyard, and after a few months, he stopped working on the job completely. His wife became overwhelmed with the situation and Applicant quit his overseas job in August 2024, three years ahead of schedule. His plan was to come home and help her deal with the stress, to hire an attorney, track down the contractor, and get their money back in court. In September 2024, he started working for a trucking company. He was no longer making enough money to pay their regular expenses, let alone hire an attorney. He lost his job in February 2025 due to a safety incident. He had no income for about two months and became further behind on their already delinquent expenses. He decided the only way to get back on track financially was to go back overseas to earn a better salary, which he did in April 2025. (Answer; GE 6; AE A-E, H)

Applicant has located the backyard contractor but still has not hired an attorney to recover their money. The backyard remains in disarray. At the hearing, Applicant was asked why in 2024 he did not just return home to hire an attorney and then let the attorney handle the case while he returned to work. He could not explain why he thought he would be able to afford their existing expenses by leaving his well-paid job overseas. The affordability of their finances, home purchase, and backyard renovation was based on his expectant income from six years of work overseas. He stated that his wife was overwhelmed with the backyard situation and her daycare business, and he came home for her comfort, and not out of common sense. (Tr. 22-67)

Applicant's wife opened a daycare business in 2021. However, the number of children attending her daycare has dwindled over time, and the business is no longer financially sustainable. He testified that he has spent $8,000 monthly, for at least seven months, to keep her daycare business open. At the hearing, Applicant was asked why he has spent $56,000 to subsidize daycare for these children while he and his wife were unable to pay their mortgage or monthly expenses. He stated he thought it was unfair to the parents to ask them to find a new provider, his wife liked working with children, and they hoped they would attract more children for next year. His $8,000 monthly subsidies meant his wife was working for free and providing subsidized day care to strangers' children. (Tr. 22-62; AE F, G)

Under Guideline F, the allegations are as follows:

SOR ¶ 1.a alleges Applicant filed a Chapter 7 Bankruptcy petition in mid-2017, and that the petition was discharged in late 2017. He reported he had had a car accident in 2002, and his insurance was unpaid when the accident occurred. He was sued for about $53,000, which is why he had to file for bankruptcy. He could not explain why the suit was not barred 14 years later by the statute of limitations. He claimed he was told his other debts had to be included in the bankruptcy, but he also admitted he was in financial trouble at the time. (Tr. 22-62; GE 2, 3, 4, 5, 7;)

SOR ¶ 1.b alleges Applicant has a delinquent loan account that has been charged off in the approximate amount of $98,121. This account was the loan for the pool and backyard renovation. He claimed he contacted the creditor in March 2026, and made three $50 payments in March, April, and June 2026. He did not provide documentation. He claimed in June he would discuss a monthly payment arrangement. This debt remains unresolved. (Tr. 22-62; GE 2, 3, 7)

SOR ¶ 1.c alleges Applicant has a delinquent loan that has been charged off in the approximate amount of $20,678.00. This debt remains unresolved. (Tr. 33-62; GE 2, 7)

SOR ¶ 1.d alleges Applicant has a delinquent credit card account that has been charged off in the approximate amount of $1,755.00. This debt remains unresolved. (Tr. 33-62; GE 2, 3, 7)

SOR ¶ 1.e alleges Applicant has a delinquent account placed for collection in the approximate amount of $1,418.00. This debt was from a loan he used to purchase a plane ticket to come home from overseas for a funeral in about November 2025. This debt remains unresolved. (Tr. 33-62; GE 2, 3, 7)

SOR ¶ 1.f alleges Applicant has a delinquent credit card account that has been charged off in the approximate amount of $1,362. This debt remains unresolved. (Tr. 33-62; GE 2, 3, 7)

SOR ¶ 1.g alleges Applicant has a delinquent insurance account placed for collection in the approximate amount of $379. He claimed this debt was paid but did not provide documentation. (Tr. 22-32; GE 2, 3, 7)

SOR ¶ 1.h alleges Applicant has a delinquent insurance account placed for collection in the approximate amount of $79. He claimed this debt was paid but did not provide documentation. (Tr. 22-32; GE 2, 3, 7)

SOR ¶ 1.i alleges Applicant has a delinquent mortgage account that is past due in the approximate amount of $39,742., with a total balance of $585,401. He claimed he recently refinanced the mortgage and has a new loan, but despite this change, the past due amount is still shown as delinquent on his credit report. At the close of the record, his first mortgage payment was due in June 2026. He expects he will make an additional monthly payment, perhaps $2,500, to address the past-due amount. He did not provide any documentation supporting his claims. (Tr. 22-62; GE 2, 3, 7)

SOR ¶ 1.j alleges Applicant has a delinquent auto loan that is past due in the approximate amount of $632, with a total balance of $16,814. It has been delinquent since 2024. He claimed he paid $13,000 towards this debt in April 2026 and has a $2,000 balance remaining. He stated he used the settlement he received from another accident towards the balance. The May 2026 credit report supports his assertion of a recent large payment. (Tr. 22-62; GE 2, 3, 7)

In April 2025, Applicant had a background interview with a government investigator. The alleged SOR debts were discussed. He asserted then he was going to resolve the debts with income from his new employment. In April 2026, he claimed he contacted a debt consolidation company but has not made an arrangement with them. He was asked about his plan to resolve debt at the hearing. He stated he plans to take his wife overseas with him to reduce their expenses. He plans to retain their house and have a family member house sit for them. He claimed he will have about $12,000 monthly to address their debts. (Tr. 22-62; GE 6)

In addition to his regular salary, Applicant's budget shows he earns about $4,000 a month in disability payments from the VA. The budget shows he has a $4,300 monthly surplus after their expenses. Some of their debt payments were not included in this budget. No other assets or savings were identified. Post hearing, he stated he lost his employment. His ability to carry out his plan or resolve any debts at this time is unclear. (AE I)

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.

This concern is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual's self-control, judgment, and other qualities essential to protecting classified information. An individual who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

The guideline notes conditions that could raise security concerns under AG ¶ 19. The following are applicable in this case:

> (a) inability to satisfy debts; and
>
> (c) history of not meeting financial obligations.

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.

AG ¶¶ 20(a) and 20(d) do not apply. Applicant has made a few small $50 payments to resolve the debt at SOR ¶ 1.b, and a recent large payment to the creditor for the debt at SOR ¶ 1.j from a settlement he received. It is inexplicable why he did not use the settlement money to pay down some of his past-due mortgage debt in SOR ¶ 1.i. Similarly, why Applicant has been paying $8,000 a month to keep his wife's daycare business open, while becoming severely delinquent on his mortgage, is incomprehensible. He has not established a track record of debt repayment or a good faith plan for resolution. His failure to pay delinquent debt is recent, not isolated, and ongoing. Now that he has lost his job, and his wife is not gainfully employed, his ability to resolve any of his financial delinquencies is questionable. All of this continues to cast doubt on his current reliability, trustworthiness, and judgment.

AG ¶ 20(b) does not fully apply. Applicant did not provide sufficient evidence to find that his financial delinquencies were due to circumstances beyond his control or that he acted responsibly under the circumstances. The backyard contractor absconding with the $110,000 he had received from Applicant for the project was a situation beyond his control. He still has not taken legal action against them, with the statute of limitations tolling. His real financial problem started when he quit his well-paying job overseas, years ahead of schedule, to work at a lower paying job. It was foreseeable that he would no longer be able to afford his monthly expenses, and even if he was able to recover the money from the contractor, it would have only resolved one debt. His payments of at least $56,000 to keep his wife's business afloat have further destroyed their finances. Businesses close and/or file bankruptcy when they are no longer financially viable. These expenditures were not responsible considering their larger financial problems.

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 considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I considered his military service, and his service to the government as an overseas defense contractor. I have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility for a security clearance. I conclude that Applicant has not mitigated the financial considerations security 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.j:	Against Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Ross D. Hyams
Administrative Judge