DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01347
	)	
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Lauren Shure, Department Counsel
For Applicant: *Pro se*

06/24/2026

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On January 22, 2025, Applicant submitted a security clearance application (e-QIP). On January 21, 2026, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCSA CAS) issued Applicant a Statement of Reasons (SOR), detailing security concerns under Guideline F, Financial Considerations. The action was taken under Executive Order 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 for Determining Eligibility for Access to Classified Information*, effective within the DoD after June 8, 2017.

Applicant answered the SOR on a date uncertain, and requested a hearing before an administrative judge. The case was assigned to me on May 11, 2026. The Defense Office of Hearings and Appeals issued a notice of hearing on May 12, 2026, and the hearing was convened as scheduled on June 3, 2026. The Government offered six exhibits, referred to as Government Exhibits 1 through 6, which were admitted without objection. The Applicant offered six exhibits, referred to as Applicant's Exhibits A through F, which were admitted without objection. Applicant testified on his own behalf. The record remained open following the hearing, to allow Applicant to submit additional supporting documentation. Applicant submitted six Post-Hearing Exhibits, referred to as Applicant's Post-Hearing Exhibits G, I, J, K, L, and M, which were admitted into evidence without objection. DOHA received the transcript of the hearing (Tr.) on June 12, 2026.

Findings of Fact

Applicant is 33 years old, and has a fiancé and three children, consisting of one biological child, and two step-children. He has a high school diploma. He holds the position of Purchaser 1 in the procurement department with a defense contractor. He is seeking to obtain a security clearance in connection with his employment.

Guideline F - Financial Considerations

The Government alleged that Applicant is ineligible for a clearance because he made financial decisions that indicate poor self-control, lack of judgment or unwillingness to abide by rules and regulations, all of which raise questions about his reliability, trustworthiness and ability to protect classified information.

The SOR alleges that Applicant has thirteen delinquent accounts totaling approximately $10,000 consisting of past due, charged off, or collection accounts. Applicant admits each of the delinquent debts set forth in the SOR. Credit reports of the Applicant dated February 6, 2025; and October 1, 2025, confirm the indebtedness. (Government Exhibits 2 and 3.) Applicant began working for his current employer in January 2025. This is his first time applying for a security clearance.

During a massive lay off from a previous job in July 2024, Applicant became unexpectedly unemployed for about a six-month period. While unemployed, he incurred delinquent debt that he could not afford to pay. During this time, he did not manage his money well. For the past year and a half, he has worked for his current employer, and he now earns about $67,500 annually. His fiancé earns about $27,000 annually. Together, he and his fiancé share the regular monthly expenses and comfortably support their children. They are also addressing some of Applicant's delinquent debts.

Applicant stated that most of the delinquent debts listed in the SOR were incurred during his six months of unemployment. In the past, he also had difficulties from time to time making sure the rent payment of $2,200 monthly, was paid on time. Now, after paying their regular monthly expenses, between the two of them they have between $500 and $600 in discretionary funds at the end of the month. Applicant is using that money to follow payment plans he has set up to resolve the delinquent debts listed in the SOR.

Applicant is aggressively addressing the delinquent debt listed in the SOR. He has already set up payment plans and/or has paid off a number of the debts listed in the

SOR. He was able to use the refund from his fiancé's tax return to settle some of the debts. (Tr. p. 52.) For those he has not yet addressed, he has decided that when his rental lease is up on his apartment in August of this year, he and his family will move in with his parents. This will give him the chance to get everything paid off and "start with a clean slate." Their goal is to be able to purchase a house one day. (Tr. p. 54.) Applicant will not have to pay rent at his parent's house. His fiancé will buy the food for the family. He will only have to pay the utilities which will be about $600 monthly. This will open up much more money that he can use to resolve his remaining delinquent debts. His plan is to use about $1,500 monthly on just paying down his delinquent debt. He stated that by following this plan he will completely resolve all of his debt by the end of this year. This will also allow the Applicant and his fiancé to start a savings account.

The following delinquent debts set forth in the SOR are of security concern:

1.a. A delinquent debt is owed to a creditor for an account that was placed for collection in the approximate amount of $2,700. This is for furniture he purchased for his home. The debt remains owing.

1.b. A delinquent debt is owed to a creditor for an account that was charged off in the approximate amount of $1,638. This is a credit card. The debt remains owing.

1.c. A delinquent debt is owed to a creditor for an account that was charged off in the approximate amount of $1,629. This is a Care Credit card that he used for his Veterinarian bills. (Government Exhibit 5.) The debt remains owing.

1.d. A delinquent debt is owed to a creditor for an account that was charged off in the approximate amount of $1,333. This was to purchase car suspension (shocks and springs) for an older vehicle that Applicant had purchased. On March 2, 2026, Applicant settled the debt with the creditor in the amount of $666.81. (Applicant's Exhibit A, and Tr. pp. 39-41.) The debt has been resolved.

1.e. A delinquent debt is owed to a creditor for an account that was placed for collection in the approximate amount of $666. This was a credit card. On March 2, 2026, Applicant settled the debt with the creditor in the amount of $508.47. (Applicant's Exhibit B, and Tr. p. 41-42.) The debt has been resolved.

1.f. A delinquent debt is owed to a creditor for an account that was charged off in the approximate amount of $618. This was to purchase car parts. On February 27, 2026, Applicant settled the debt in full in the amount of $309.13. (Applicant's Exhibit C, and Tr. p. 43.) The debt has been resolved.

1.g. A delinquent debt is owed to a creditor for an account that was charged off in the approximate amount of $423. This was to purchase a bed. In October 2025, Applicant set up a payment plan to resolve the debt with monthly payment of $20.16 to be paid until the debt is paid in full. (Applicant's Exhibit D, and Tr. pp. 44-45.) Applicant submitted a receipt showing that he has made regular payments $20.16 each month since February. (Applicant's Post-Hearing Exhibit G.) The debt is being resolved.

1.h. A delinquent debt is owed to a creditor for an account that was charged off in the approximate amount of $191. On March 2, 2026, Applicant settled the debt in the amount of $124.28. (Applicant's Exhibit E, and Tr. pp. 46-47.) The debt has been resolved.

1.i. A delinquent debt is owed to a creditor for an account that was charged off. This was a jewelry purchase many years ago. Applicant owes the creditor $3,360.57. On February 27, 2026, Applicant set up a payment plan with the creditor to resolve the debt with monthly payments of $56 to be paid until the debt is paid in full. (Applicant's Exhibit F, and Tr, p. 48.) Applicant submitted a receipt showing that he has made regular monthly payments of $56 each month since February. (Applicant's Post-Hearing Exhibit I.) The debt is being resolved.

1.j. A delinquent debt is owed to a creditor for an account that was charged off. Applicant explained that he opened this account because he was trying to start his own business, and the business failed. Applicant owed the creditor $8,593.70. He settled the account for $6,445.28. On February 25, 2026, he set up a payment plan to resolve the debt with monthly payments of $179 until the debt is paid in full. (Tr. p. 50.) Applicant submitted a receipt showing that he has made regular monthly payments of $179 each month since February. (Applicant's Post-Hearing Exhibit J.) The debt is being resolved.

1.k. A delinquent debt is owed to a creditor for an account that was 90 days past due in the amount of $385 with a balance of $1,027. This was a personal loan he took out during his period of unemployment. On February 27, 2026, he settled the debt for $205. Applicant's Post-Hearing Exhibit K, and Tr, p. 50.) The debt has been resolved.

1.l. A delinquent debt is owed to a creditor for an account that was placed for collection in the approximate amount of $161. This was an old internet account. When Applicant moved, he had one more month to pay on it that he was not aware of. Applicant settled the debt with the creditor in the amount of $90.47. (Applicant's Post-Hearing Exhibit L, and Tr. p. 51.) The debt has been resolved.

1.m. A delinquent debt is owed to the Federal Government for delinquent taxes in the amount of $516 for tax year 2022. Applicant stated that he paid off the debt with this year's income tax return refund. (Tr. pp. 55-56.) Applicant submitted a receipt showing that his income tax refund for 2025 was applied in the amount of $529.23 to his delinquent debt owed for tax year 2022. (Applicant's Post-Hearing Exhibit M.) The debt has been resolved.

Policies

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines (AG). 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 AG ¶ 2 describing the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. 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." In reaching this decision, I have drawn only those conclusions that are reasonable, logical and based on the evidence contained in the record. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

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 clearance 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 as to 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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

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

> (a) inability to satisfy debts;
>
> (c) a history of not meeting financial obligations; and
>
> (f) failure to file or fraudulently filling annual Federal, state, or local income tax returns or failure to pay annual federal, state, or local income tax as required.

Applicant incurred excessive delinquent debt totaling approximately $10,000. The evidence is sufficient to raise the above disqualifying conditions.

The following mitigating conditions under the Financial Considerations guideline are potentially applicable under 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;
>
> (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, or a death, divorce, or separation), and the individual acted responsibly under the circumstances;

> (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; and
>
> (g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

Applicant was unemployed for six months, which caused him to become financially indebted. Since gaining full-time employment in January 2025, he has been focused on resolving his debts. He has paid off or settled several debts. For other debts, he has set up payment plans that he is following. He has been working diligently to resolve all his delinquent debts, and has made significant progress towards this goal. He also has a plan in place to free up additional money he can use to pay off his debts sooner. He has decided that when his rental lease is over in August of this year, he will move his family in with his parents where he does not have to pay rent. The money that he would normally use to pay rent, he will be used to resolve the rest of his delinquent debts. Under the circumstances, Applicant has shown that he is responsible. He has made a good-faith effort to resolve his debts, and demonstrated good judgment, reliability, and trustworthiness. He has provided sufficient evidence in mitigation. Mitigating conditions 20(a), 20(b), and 20(c) apply. Accordingly, this guideline is found for Applicant.

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 relevant facts and circumstances surrounding this case. I conclude Applicant has mitigated the Financial Considerations security concern.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	FOR APPLICANT
Subparagraphs 1.a. through 1.m.	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant or continue Applicant's national security eligibility for a security clearance. Eligibility for access to classified information is granted.

Darlene Lokey Anderson
Administrative Judge