DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00248
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Brian Farrell, Esq., Department Counsel
For Applicant: *Pro se*

06/26/2026

Decision

PRICE, Eric C., Administrative Judge:

Applicant mitigated the financial considerations security concerns. Eligibility for access to classified information is granted.

Statement of the Case

On June 27, 2024, Applicant completed a security clearance application (SCA). (Government Exhibit (GE) 1) On March 4, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued to Applicant a Statement of Reasons (SOR) detailing security concerns under Guideline F (financial considerations). The DCSA acted under 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 (SEAD 4), *National Security Adjudicative Guidelines* (December 10, 2016), for all adjudicative decisions on or after June 8, 2017.

Applicant responded to the SOR (Answer) on April 25, 2025, and requested a hearing before an administrative judge. The case was assigned to me on September 18,

2025. On December 10, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice scheduling the hearing via video teleconference.

I convened the hearing as scheduled on January 20, 2026. Department Counsel offered GE 1 through GE 7. (Hearing Exhibit (HE) I) I sustained Applicant's objection to GE 6, a summary of Applicant's personal subject interviews, and did not admit GE 6 in evidence. (Tr. 25-26) Applicant testified and offered Applicant Exhibit (AE) A through AE F. The record was held open and Applicant timely submitted AE G through AE I. GE 1 through GE 5, GE 7, and AE A through AE I were admitted in evidence without objection. DOHA received the hearing transcript (Tr.) on February 3, 2026, and the record closed on February 4, 2026. (Tr. 22-32, 86-87; HE II-III)

Jurisdiction

At hearing, Applicant asserted that he "need[ed] a favorable review, not actually a classified status." (Tr. 9-11) He submitted a document from a security specialist at his company stating that he was "working on a contract which does not require any clearance. The request is for a T3 background investigation with a favorable determination and no eligibility." (Answer; AE A) I treated his assertion as an objection to proceeding due to a lack of jurisdiction. Department Counsel contacted a Facility Security Officer for the company sponsoring Applicant during the hearing who confirmed that Applicant had been submitted for a T-3 investigation. In addition, Department counsel and I confirmed that pre-hearing checks of a Department of Defense database showed that Applicant was sponsored for a determination as to his eligibility for a security clearance. I overruled Applicant's objection and proceeded with the hearing. (Answer; Tr. 9-15)

Findings of Fact

The SOR alleges seven delinquent accounts totaling $25,242. (SOR ¶¶ 1.a-1.g) In his Answer to the SOR, Applicant admitted all SOR allegations with explanations. His admissions are incorporated in my findings of fact.

Applicant is a 46-year-old safety assistant employed by a federal contractor since September 2022. He was employed by a different company as a project coordinator from November 2021 to September 2022 and worked as a safety technician from 1998 to November 2021. Applicant graduated from high school in 1997 and married in 2000. His three children, ages 22, 19, and 16, reside with him and his spouse. He has never held a security clearance. (GE 1; Tr. 35-37, 67-74)

Applicant attributes his financial problems to underemployment, his spouse's unemployment, the voluntary repossession of a mobile home located on his in-law's property after a dispute created a negative living environment for his family, unreimbursed work on a rental property, and overuse of credit. He was financially unable to pay his delinquent debts for several years and focused on paying living expenses. After receiving pay increases in about September 2024 and April 2025, he contacted his creditors and has made payments on several debts. He intends to resolve the smaller debts before addressing the larger debts. After resolving his debts, Applicant hopes to buy a home. (Answer at 8; GE 1 at 31-34, GE 2 at 9; AE B at 1; Tr. 41-45, 73-75)

The evidence concerning the specific SOR allegations is summarized below.

SOR ¶ 1.a: credit card charged off for about $3,172. Applicant contacted the creditor who demanded full payment of the debt, but he was unable to pay the debt in full at the time. He started making small monthly payments and submitted evidence of nine $30 payments from April through December 2025. (Answer; AE B at 4-8) This account is reflected as past due in credit reports from July 2024 and February 2025 but is not listed in a January 2026 credit report. (Answer; Tr. 20, 39-41; GE 2 at 4, GE 3 at 2, GE 4 at 2, GE 5, GE 7) This debt is being resolved.

SOR ¶ 1.b: credit card collection account for $2,303. Applicant explained that a judgment was entered against him and that his paycheck was garnished for $1,678. He submitted evidence that the garnishment was released in April 2025 and that he agreed to make monthly payments on this debt. (Answer at 2-4) He testified that he intends to continue making payments until the debt is resolved. (Tr. 44-49) He submitted evidence of nine payments from May 2025 through January 2026 that reduced the debt balance to $1,481. (AE C, AE G) A judgment was filed against him for this debt in July 2021. (GE 5) This account is shown as past due in credit reports from July 2024 and February 2025 but is not listed in a January 2026 credit report. (GE 2 at 5, GE 3 at 2, GE 4 at 2, GE 7) This debt is being resolved.

SOR ¶ 1.c: credit card collection account for $1,950. Applicant contacted the creditor who demanded full payment, but he was unable to pay the debt in full. He stated his intent to pay the debt after he resolves the debts alleged in SOR ¶¶ 1.a-1.b. (Answer at 4-5) He testified that the creditor obtained a garnishment order that was subsequently released. He agreed to make monthly payments and said he would submit receipts for two payments he had made after the hearing. He stated his intent to continue making payments until the debt is resolved. (Tr. 45-48) After the hearing, he submitted evidence that garnishments and a $30 payment in January 2026 reduced the balance to $1,136. (AE C, AE H) This debt is being resolved.

SOR ¶ 1.d: credit collection account for $628. Applicant submitted evidence of a $252 payment that settled this account in full on April 24, 2025. (Answer at 4-5; AE D) This debt is resolved.

SOR ¶ 1.e: credit collection account for $489. Applicant submitted evidence of a $440 payment on April 24, 2025, that satisfied this debt. (Answer at 6-7; AE E) This debt is resolved.

SOR ¶ 1.f: indebted to a mortgage company in the approximate amount of $16,273 for balance due on a mobile home that was repossessed or foreclosed. Credit reports from July 2024 and February 2025 show a $74,361 loan for a mobile home was opened in 2006, that the last activity on the account was in February 2020, that the mobile home was voluntarily surrendered to the creditor for foreclosure or repossession, and that there is a past due balance of $16,273. (GE 3 at 3, GE 4 at 4) This debt is not reflected in a January 2020 credit report. (GE 7)

Applicant explained this debt was for a mobile home that he had on his in-law's property. In about 2019, his in-laws threatened to remove him and his family from their land because of various disputes that escalated to the point that his mother-in-law threatened to throw rocks at his wife. He contacted the creditor to relocate or refinance the mobile home and was advised to voluntarily surrender the mobile home so that it could be resold. He voluntarily returned the mobile home to the creditor because he could not afford the $10,000 needed to relocate it and believed the creditor's claim that the loan would be resolved. The mobile home sold for less than anticipated and the creditor advised Applicant that he owed about $16,000. Applicant was frustrated because the creditor had indicated that if he voluntarily surrendered the mobile home, they "would repossess it, sell it, and take care of it." (Tr. 54) He stated his intent to pay the debt after resolving his other delinquent debts because he wanted to move forward, improve his credit score and hoped to buy a home. He received an offer to settle the debt for less than $10,000 but could not afford to pay it at the time. He plans to resolve his smaller debts before addressing this debt. (Answer at 7-8: GE 2 at 9; Tr. 50-59, 74-77; AE B)

SOR ¶ 1.g: auto loan past due in the approximate amount of $473 with a total remaining balance of $6,211. Credit reports from July 2024 and February 2025 show Applicant was past due in the amounts of $813 and $473, and with remaining balances of $12,815 and $6,211, respectively. (GE 2 at 6, 10, 12, GE 3 at 4, GE 4 at 4) In response to the SOR, he said he had brought the account current and submitted evidence of a $998 payment on April 23, 2025. (Answer at 8-9) He testified that he paid this loan off and submitted a letter from the creditor dated November 10, 2025, showing the account was paid in full. (Tr. 49-50, 58; AE F) This debt is resolved.

Applicant is the sole earner in his household. He earned about $52,000 per year when he started with his current employer, and his gross income increased to about $93,600 by September 2024 and to about $98,000 in April 2025. In January 2025, he submitted a written budget that showed a net remainder of $283 per month after expenses and debt payments. He has about $400 in the bank and about $10,000 in a retirement account. (Tr. 34-39, 56-66; GE 2 at 12, GE 7)

Applicant owns four modest vehicles used by him, his spouse, and two of their children. A January 2026 credit report shows he was current on all credit accounts. In April and October 2025, he obtained personal loans totaling $24,697 with monthly payments totaling $1,056 and a total balance of $24,208. He testified that he used the personal loans to pay off a vehicle loan, to help pay some debts including federal income taxes, and to increase his credit score. (Tr. 36-39, 56-73; GE 7)

Applicant submitted an evaluation from his employer for 2025 that comments favorably on his performance, ethics, reliability, and adherence to core principles. (AE B at 2-4) Prior to the hearing he had not received financial counseling, but after the hearing he submitted evidence that he had scheduled an appointment with a financial advisor and enrolled in a financial well-being program. (Tr. 71-72; AE I)

Policies

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 that an 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.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines (AG). These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied 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, reliable information about the person, past and present, favorable and unfavorable.

"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, and has the ultimate burden of persuasion as to obtaining a favorable clearance decision." Directive ¶ E3.1.15. 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." *Department of the Navy v. Egan*, 484 U.S. 518, 531 (1988); *see* AG ¶ 2(b).

The protection of the national security is the paramount consideration. Under AG ¶ 2(b), any doubt "will be resolved in favor of the national security." Section 7 of EO 10865 provides that 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 under this guideline 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.

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

The record evidence, including Applicant's admissions and credit reports, establishes two disqualifying conditions under this guideline: AG ¶ 19(a) (inability to satisfy debts) and AG ¶ 19(c) (a history of not meeting financial obligations). The following mitigating conditions under AG ¶ 20 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; and
>
> (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

Applicant's financial problems date back to at least 2019. The SOR alleges seven delinquent accounts totaling $25,242. Since receiving a significant pay increase in September 2024 and April 2025, he has resolved two delinquent debts totaling $1,117 (SOR ¶¶ 1.d-1.e) and paid the $473 past due balance and the remaining $5,738 balance on an auto loan (SOR ¶ 1.g). He has made payments totaling at least $1,906 on three debts totaling $7,379 (SOR ¶¶ 1.a-1.c) and is resolving those debts.

AG ¶ 20(a) is established. Applicant's financial circumstances have improved significantly and the circumstances that resulted in his delinquent debts are unlikely to recur. His income increased significantly in September 2024 and April 2025, and he obtained two personal loans in 2025 to help resolve outstanding financial issues. He has resolved three delinquent debts alleged in the SOR and is resolving three other SOR debts. He credibly testified that he would address the mobile home debt after he resolves the smaller debts. A recent credit report shows that he is current on all credit accounts. There are clear indications his financial problems are under control. His past financial behavior does not cast doubt on his current reliability, trustworthiness, and judgment.

AG ¶ 20(b) is not fully established for the debts alleged in the SOR. Although Applicant's underemployment, his spouse's unemployment, and unreimbursed work on a rental property were largely beyond his control, his decision to voluntarily surrender his mobile home for repossession and his overuse of credit were not. Additionally, he has not provided sufficient evidence that he acted responsibly under the circumstances.

AG ¶ 20(c) is not established because Applicant had not received financial counselling as of the date of the hearing.

AG ¶ 20(d) is established. Applicant made efforts to resolve the delinquent auto loan alleged in SOR ¶ 1.g from July 2024 to February 2025 before responding to DCSA interrogatories and well before the SOR was issued. He brought the account current in April 2025 and paid the remaining balance later in 2025. Although his efforts to resolve the remaining SOR debts largely occurred about when or after he received the SOR, I find that he has made a good-faith effort to repay overdue creditors or otherwise resolve debts.

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 the 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.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). Applicant was candid, sincere, and credible at the hearing. I considered the entire record, including his work history, limited financial resources to pay his delinquent debts before September 2024, character evidence, and that his financial problems were caused, in part, by circumstances beyond his control. I considered that he has resolved or is resolving all SOR debts except for the $16,273 debt alleged in SOR ¶ 1.f. I also considered that he intends to address that debt after resolving all of the smaller SOR debts and that he has signed up for financial counseling from a legitimate and credible source.

The adjudicative guidelines do not require that an applicant make payments on all delinquent debts simultaneously, pay debts alleged in the SOR first, or resolve every debt alleged in the SOR. An applicant need only establish a plan to resolve financial problems and take significant actions to implement the plan. *See* ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008). Although Applicant's financial records and finances are not perfect, he has implemented a plan to resolve his financial problems and has made substantial progress in doing so. He understands the importance of continued financial responsibility, and the circumstances and behavior that resulted in his financial problems are unlikely to recur.

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 mitigated the security concerns raised by his delinquent debts.

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:	FOR APPLICANT
Subparagraphs 1.a-1.g:	For Applicant

Conclusion

I conclude that it is clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is granted.

Eric C. Price
Administrative Judge