DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01499
	)	
	)	
Applicant for Security Clearance	)	

Appearances

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

06/29/2026

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On April 25, 2025, Applicant submitted a security clearance application (e-QIP). On December 5, 2025, 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 (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 *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AG), effective within the DoD after June 8, 2017.

Applicant answered the SOR on January 19, 2026, and requested a hearing before an administrative judge. The case was assigned to me on April 20, 2026. The Defense Office of Hearings and Appeals issued a notice of hearing on May 7, 2026, and the hearing was convened as scheduled on June 10, 2026. The Government offered six exhibits, referred to as Government Exhibits 1 through 6, which were admitted without objection. Applicant testified, but called no witnesses, and submitting no documentary evidence. The record remained open until June 24, 2026, to allow Applicant the opportunity to submit supporting documentation. He submitted nothing further. (It was anticipated that he would submit a copy of his debt consolidation program contact, which is referred to in the record as Applicant's Exhibit A, but he failed to submit it.) Thus, Applicant submitted no documentary evidence. DOHA received the transcript of the hearing (Tr.) on June 22, 2026.

Findings of Fact

Applicant is 51 years old. He is married and has a teenager and two adult children. He has a Master's degree in Business Administration. He is employed as an Information and Security Manager for a defense contractor. He is seeking to obtain a security clearance in connection with his employment.

Administrative Matters

Department Counsel moved to amend allegation 1.g., under Guideline F, to change the amount owed from $6,279, to $1,311, due to administrative error. Applicant had no objection to said amendment, and the amendment was made. (Tr. p. 12.)

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.

Applicant began working for his current employer in March 2025. His annual salary is about $125,000. His wife is a real estate agent and since COVID, her business has been slow. She also works for a grocery delivery service. (Tr. p. 25.) Applicant's financial statement dated September 11, 2025, shows that after he pays all of the regular monthly expenses, he has about $627 left at the end of the month. Currently, Applicant has a few hundred dollars in his checking and savings account, and less than $10,000 in his retirement account. His major expenses include his mortgage payment, and three car payments, which include his car, his wife's, and a car he recently purchased for his daughter. His wife manages and pays all of the bills for the household. (Tr. pp. 24-26.)

Applicant attributes most of his delinquent debts to natural disasters. Prior to Hurricane Ida and two floods that followed, Applicant had good credit scores. In October 2020, he purchased his house, and he paid his bills on time. After the natural disasters, he has had difficulty. First, there was Hurricane Ida that he believes occurred in August 2021. As a result, his family was evacuated from the area, and he incurred the immediate costs for a hotel room for a week out of town. When he returned to his home, the house was uninhabitable. It did not have a roof, and it was completely flooded. (Tr. p. 36.) Again, he had to pay for lodging, which was costly. He ended up purchasing a small camper which cost him $4,000, that he parked in his driveway, and the family and pets lived in it for about a year and a half, while he fought the insurance companies to be reimbursed for the damage done to his home, so he could do repairs. Applicant was finally paid about $130,000 that came from his insurance company to repair and replace everything. When the house was finally habitable, his family moved back in. Six months later, in about November 2023, there was another devasting flood that severely damaged the house again. The flooding required that Applicant gut the bottom of the house and go through everything again. This time he was able to get some funding from FEMA that allowed him to replace the flooring which the insurance companies initially did not want to pay for. He still had to come out of pocket for many expenses up front and some of the expenses were later reimbursed by FEMA. Applicant stated that the biggest problem he had was that he did not have additional funds to pay some of his credit card debts listed in the SOR. (Tr. p. 37-39.) Then there was a third flood, that also did some damage to his home, but was not as bad as the earlier floods. Collectively, these natural disasters caused his indebtedness.

Last year, Applicant hired a debt consolidation company to assist him in resolving his delinquent debt. He stated that in about January 2026, he entered into a contract with them, indicating that it would take 42 months, with an estimated payment of $142.19, possibly bi-weekly, to pay the debt enrolled of $14,695. He thought that each of the creditors listed in the SOR were included in this debt consolidation program. He stated that he has been making payments to the company, but he does not know the schedule they have in place to pay his debts. He has recently had problems getting in touch with them and is very concerned. (Tr. p. 49.) There are current problems with the deductions that are being made. They are automatically deducting money out of his account on the wrong dates, and it shows that he is missing payments, when he is not actually scheduled to make payments on those dates. (Tr. p. 52.) He has made several phone calls to them to discuss these problems, but there is never any one there who can help him with this issue. (Tr. 53.)

The SOR identified eight allegations consisting of six delinquent debts that were placed for collection totaling approximately $20,000. The two remaining allegations concern Applicant's failure to file Federal income tax returns for tax years 2020 through 2024; and State income tax returns for tax years 2018 through 2024. Applicant admits each of the allegations set forth in the SOR. Credit reports of the Applicant dated May 16, 2025; and November 18, 2025, confirm the indebtedness listed in the SOR. (Government Exhibits 4 and 5.)

The following delinquent debts are of security concern:

1.a. Applicant failed to file Federal income tax returns for tax years 2020, 2021, 2022, 2023, and 2024. He explained that his wife had problems getting documentation she needed from her employer, and all records were lost due to Hurricane Ida and the two floods that followed. He stated that he always withholds income to pay his taxes, he just has not filed his returns. Since September 2025, he has been working with a CPA firm to assist him in getting his income tax returns filed, and he is now ready to file them.

(Tr. pp. 45-48.) Although not alleged in the SOR, Applicant has not yet filed his Federal income tax return for tax year 2025. (Tr. pp. 48-49.)

1.b. Applicant failed to file State income tax returns for tax years 2018, 2019, 2020, 2021, 2022, 2023, and 2024. Applicant stated that the same situation applies to his State income tax returns. He always withholds income to pay his taxes, he just has not filed his returns. Since September 2025, he has been working with a CPA firm to assist him in getting his income tax returns filed, and he is now ready to file them. (Tr. p. 48.) Although not alleged in the SOR, Applicant has not yet filed his State income tax return for tax year 2025. (Tr. pp. 48-49.)

1.c. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of $6,428. This is a credit card that became delinquent after Hurricane Ida. The account was opened in November 2013, and closed in November 2023. Applicant contends that he included this debt in his debt consolidation program. He does not know the status of the debt. His credit reports reflects that it remains outstanding. The debt remains owing. (Tr. pp. 49 and 59.)

1.d. Applicant is indebted to a creditor for an account placed for collection the approximate amount of $6,279. This is a credit card that became delinquent after Hurricane Ida. Applicant contends that he included this debt in his debt consolidation program. He does not know the status of the debt. His credit reports reflect that it remains outstanding. The debt remains owing. (Tr. pp. 50 and 59.)

1.e. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of $1,268. This is a credit card that became delinquent after Hurricane Ida. Applicant contends that he included this debt in the debt consolidation program. His credit reports reflect that it remains outstanding. The debt remains owing. (Tr. pp. 50 and 59.)

1.f. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of $720. Applicant contends that he included this debt in the debt consolidation program. His credit reports reflect that it remains outstanding. The debt remains owing. (Tr. pp. 50 and 59.)

1.g. Applicant is indebted to a creditor for an account placed for collection the approximate amount of $1,311. This is a credit card debt that became delinquent after Hurricane Ida. His credit reports reflect that it remains outstanding. The debt remains owing. (Tr. pp. 50 and 59.)

1.h. Applicant is indebted to a creditor for an account placed for collection in the approximate amount of $6,000. This is a lien against his home for roofing costs. His credit reports reflect that the debt remains outstanding. The debt remains owing. (Tr. p. 54 and 59.)

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. Four are potentially applicable in this case:

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

Hurricane Ida and two floods that followed caused most of Applicant's delinquent indebtedness. It is also reasonable to believe that these disasters could cause some delay in getting income tax returns filed on time during those years. However, Applicant's failure to file his Federal and State income tax returns in question for the past eight years is totally inexcusable. Applicant's actions and inactions demonstrate poor judgment and unreliability. 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;
>
> (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;
>
> (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; 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.

There were conditions largely beyond the Applicant's control, namely, Hurricane Ida, and the two floods that followed that caused Applicant to acquire delinquent debts he has been unable to pay. By hiring a debt consolidation company to assist him, he has made some effort to address his debts. He stated that he has been making payments to them for their services, but he does not know the status of any of the debts. He believes that most of the debts listed in the SOR have been included in his contract with the debt consolidation company, however he has not provided any documentary evidence to support this testimony. The record was left open to allow him the opportunity to provide this evidence, but he submitted nothing. At this time, Applicant's Federal and State income tax returns in question have not been filed, and each of the delinquent debts listed in the SOR remain owing. Applicant has a lot of work to do in order to show the Government that he can be financially responsible. At this time, he falls far short of meeting the eligibility requirements for access to classified information. Although AG ¶ 20(b) applies, it does not establish full mitigation. This guideline is found against Applicant.

There is insufficient evidence in the record to show that the Applicant has carried his burden of proof to establish mitigation of the government security concerns under Guideline F.

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. Applicant has failed to show financial responsibility and is not found to be sufficiently reliable or trustworthy to properly protect and access classified information.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. I conclude Applicant has not 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:	AGAINST APPLICANT
Subparagraphs 1.a. through 1.h.	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with the national interest to grant or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Darlene Lokey Anderson
Administrative Judge