DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 24-01887
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Brian L. Farrell, Esq., Department Counsel
For Applicant: Samir Nakhleh, Esq.

07/31/2026

Decision

DRISKILL, A. M., Administrative Judge:

Applicant mitigated the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

Applicant submitted a security clearance application (SCA) on April 4, 2024. On October 29, 2024, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant answered the SOR on November 11, 2024, and requested a hearing before an administrative judge. Department Counsel was ready to proceed on November 27, 2024. Applicant lost sponsorship for a clearance on May 20, 2025. After gaining a new clearance sponsor, the case was reopened on January 7, 2026, and Department Counsel was ready to proceed on that date. The case was assigned to an administrative judge on April 2, 2026. On May 11, 2026, the assigned administrative judge scheduled the case for a hearing on June 23, 2026.

On June 10, 2026, Department Counsel filed an Amendment to the SOR, pursuant to Directive ¶ E3.1.13 (Enclosure 3, Additional Procedural Guidance). Department Counsel added 16 allegations under paragraph 1 of the SOR, under Guideline F, numbered as SOR ¶¶ 1.c-1.r, all pertaining to the same student loan creditor. On June

15, 2026, Applicant answered the Amendment by circling “Admit” for each allegation and requested a continuance in order to allow adequate time to prepare for the additional allegations. The assigned administrative judge granted the continuance and transferred the case to me due to a scheduling conflict with the new proposed hearing date.

On June 16, 2026, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was rescheduled to be conducted on July 1, 2026. I convened the hearing as rescheduled. Government Exhibits (GE) 1 through 5 were admitted in evidence without objection. Applicant testified but did not present the testimony of any other witnesses. He submitted Applicant’s Exhibits (AE) A through I, which were admitted without objection. I kept the record open until August 3, 2026, to enable him to submit additional evidence. He timely submitted AE J through O, which were admitted in evidence without objection. The record closed on July 24, 2026. DOHA received the transcript on July 9, 2026.

Findings of Fact

The SOR as amended alleges Applicant has 18 delinquent debts totaling $108,992. He admitted all the allegations with explanations. His admissions are incorporated into the findings of fact. Additional findings follow.

Applicant is 31 years old. He graduated high school in 2013 and attended some college but is three classes short of a degree. He served in his state’s National Guard from August 2015 to April 2016 but was discharged due to failure to adapt, receiving an uncharacterized discharge. He has never married and has no children. He has had the following periods of unemployment or underemployment reported on his SCA: August 2007 to October 2014 (mostly while a minor); May to July 2015; May 2016 to August 2017; July 2018 to April 2020; August 2020 to December 2021; August 2023 to November 2023; and February 2024 to the present (April 2024). (GE 1; Tr. 16-24, 87; AE A, K)

In his original Answer, Applicant admitted the allegations and explained that the debt in SOR ¶ 1.a was an auto loan. He was working as a taxi driver at the time and had the means to pay for the vehicle, but he had a car accident in 2021 that totaled the vehicle he was driving and left him without a means to work. He caught COVID shortly after the accident and suffered with long-term side effects of COVID and a difficult recovery. The smaller debt in SOR ¶ 1.b was a gym membership he forgot to cancel when he moved. He stated that he intended to address both debts.

In his Answer to the Amended SOR, Applicant admitted the new allegations and explained that they were all student loans taken out to cover costs while he attended college from 2013 to 2023. He stated the delinquency was due to financial hardship and employment instability. He stated he was currently unemployed.

At the hearing, Applicant testified that the vehicle at issue in SOR ¶ 1.a was a car he “co-signed” for his brother (K) in the summer of 2021, but the car was only in

Applicant's name. He co-signed the vehicle loan because, "I thought I was doing a good thing. I was helping out a family member who needed help." (Tr. at 25) He stated that he did not have any reason to believe K would not make the car payments. He submitted a history of payments made on the car, which shows transactions made from April 2021 to May 2022 (to include payments made in April, May, and June 2021), then a series of late charges and payments made to cover interest from August 2021 to January 2022. In May 2022, there are a number of transactions pertaining to gap insurance cancellation/refund, a recovery fee assessment, and "TT&L" payments (presumably tax, title and lien). It shows a total payoff amount of $40,603.40 as of May 27, 2026. (Tr. 24-26; AE F, G)

On cross-examination, Applicant admitted he did not understand that he was not co-signing the loan but rather was solely responsible for the loan. He had never co-signed for someone before. He agreed that the paperwork he provided only shows him as being responsible for the loan. K made all the payments listed on the payment history in AE F. Applicant did not know what K was doing for work when Applicant got him the vehicle, but he did not think it was important as long as K made the payments. He described the decision as "reckless and dumb." (Tr. at 94) He stated that he comes from "a very low income" background and never received financial counseling, though he has been studying better financial management on his own. (Tr. 57-65, 89, 94-95; AE F, G)

Applicant testified that, in about late 2022, he began to receive text messages about payments being missed and eventually that the vehicle was in a repossession status. He contacted K, who said he would handle it, but K did not handle it. Applicant stated that the vehicle has been completely in K's possession, and, in December 2024, K told him the vehicle was stolen. The thief wrecked the vehicle, and it ended up in an impound lot in another state. Applicant traveled to the other state in the Spring of 2025 and got the vehicle out of impound but, because it was so badly damaged, he wanted it repaired before returning it to the loan company. He had it towed to a family friend's home nearby. Unfortunately, the police never removed the "stolen" status from the vehicle after Applicant claimed it so, about two weeks prior to the hearing, it was impounded again when local police ran the vehicle identification number and found it was listed as stolen. The vehicle was in the police's possession as of the hearing date. (Tr. 26-32, 46, 65-70; AE E)

Applicant thought the lender had not physically repossessed the vehicle because they could not locate it. He testified that he cannot establish a payment plan until he can get the vehicle out of impound and back to the lender. He has been told that he can return it in its current condition without having to get repairs, and that it would be auctioned off and he would be responsible for the remaining balance. The police would not release the vehicle to him because it was still considered stolen, but he recently got in touch with the detective in charge of the case who said Applicant could come pick the vehicle up. He did not receive an IRS Form 1099-C cancellation of debt for this loan. (Tr. 26-32, 46, 65-72; AE E)

After the hearing, Applicant submitted an affidavit from K. K confirmed Applicant's testimony regarding co-signing the vehicle, and that K had possession of it. K was involved in an accident and then the vehicle had engine problems, so he took it to another state for repairs, which he stated took years. K recovered the vehicle in 2024, after which it was stolen and wrecked again. As Applicant testified, the vehicle was impounded, released to Applicant, and impounded again due to the erroneous "stolen" status. K stated that, as of the date of the affidavit, July 20, 2026, the vehicle has been released from impound and is awaiting pickup from the lender. Police documents reflect that the vehicle was released to Applicant on July 20, 2026, after paying $360 in fees. K stated that Applicant signed for the loan as a favor and that "the circumstances surrounding the vehicle were not within his control." (AE O)

Applicant submitted statements from his time driving for a ride share company in 2021. The statements cover three weeks in June and July 2021 (about two to three months after signing for the auto loan), and Applicant made between $270 and $482 each week. He also submitted documentation showing that the vehicle he was driving for this job was totaled at the end of July 2021 (this is a different vehicle than the one he co-signed for K). He testified that the vehicle was his primary source of income, and he was not able to get another job for about a year, in large part because he was seriously ill with COVID from about August to October 2021. Once he got another job at the end of 2022, he made less than when he drove a taxi and did ride sharing. He now drives a vehicle his grandmother gave him that is 35 years old and not reliable, but he does not owe money on it and his grandmother pays the insurance. (Tr. 32-37, 54; AE B-D, H)

Applicant testified that the debt in SOR ¶ 1.b was still unpaid but that he intended to resolve it in the next two weeks. He stated that he was prioritizing his legal bills and that he was unemployed, but he was working delivering food and donating plasma, and he believed he would earn enough from those two sources to cover the debt. After the hearing, he submitted proof that this debt has been paid. This debt is resolved. (Tr. 39-40; AE J)

Applicant testified that the debts in SOR ¶¶ 1.c through 1.r were all student loans taken out between 2013 and 2023. He stated that the loan disbursements all went directly to tuition, fees, books, and education expenses. He stated he recently established a repayment plan where he plans to put down $10-$15 and then, once employed, make at least $100-$200 payments, depending on his income. The consolidated monthly payment will be $681. He made his last payment in June 2026 of $5 and believes the loans came out of deferment earlier this year. Once he was notified that they were no longer deferred, he immediately reached out to the lender to discuss his options. He intends to pursue this payment plan regardless of whether or not he gets his security clearance. He stated that he had to stop going to college when he could no longer afford it, and he saw contracting work as his opportunity to get ahead on his bills and have enough to go back and finish his degree. He would like to eventually attend law school. After the hearing, Applicant provided proof that he made a $5 payment toward his student loans on June 22, 2026, and a $9 payment on July 6, 2026. (Tr. 39-42, 72-77; AE L)

Applicant testified that he currently has two job offers that require a security clearance. The offer from Company A listed a salary range from $28 to $33 an hour and the offer from Company B was $23 an hour with possible overtime available. He submitted a proposed repayment plan using the Company A salary range, although it could be adjusted to any job. The plan proposes putting 30% of his net income toward repaying the debt in SOR ¶ 1.a and an unalleged debt of about $4,800, which would allow him to pay those debts off in 28 to 32 months. He stated that he has taken steps to live a more frugal life in order to make the plan realistic. He works off of a budget for necessary items and his housing is affordable. He thinks the plan is realistic and he hopes to put even more than 30% of his income toward his debts. He testified that he put the plan together before the student loans were added to the SOR, but he has drafted a plan that takes them into account and projects him to pay his debts off in at least five years. (Tr. 42-43, 51, 77; AE I)

After the hearing, Applicant provided an updated debt repayment plan. This plan lists all the SOR debts with the plan for each one. He intends to recover the impounded vehicle, surrender it to the loan company, and establish a payment plan. He intends to continue making small payments toward his student loans until he is fully employed, at which point he will pursue loan rehabilitation. Once employed, he estimates he will be able to dedicate $1,000-$1,300 toward monthly payments, prioritizing the student loans and the auto loan. (AE N)

Applicant testified that his rent is $450 a month, his utilities are about $300 a month, and gas and transportation are $500-$600 a month. He lives with a roommate. He stated that he recognized he made a mistake because he did not focus enough on resolving his outstanding debts. He stated, “Now, I understand that responsibility is an essential part of maintaining required trust for a security clearance holder, and I’m committed to ensuring that my financial obligations are addressed going forward, regardless of whether or not I receive a clearance.” (Tr. at 45-56) He made about $15,000 in 2025 working at temporary jobs, and he continues to work temporary jobs in 2026. He has not had full employment since April 2026. He had 38 cents in his checking account. He has tried to find other employment while awaiting the security clearance adjudication process to conclude. (Tr. 44-51)

Applicant explained at the hearing that most of his periods of unemployment were while he was in college, when he would drive for a ride-share company part-time. Other periods when he tried to work and go to college at the same time led to attendance issues with his employers. Although some of his student loans covered campus housing, he sometimes lived off campus and would struggle to afford housing. (Tr. 84-91)

Applicant’s April 2024 credit bureau report (CBR) lists both allegations listed on the original SOR. His student loans are all listed as current. (GE 3) His October 2024 CBR reflects SOR ¶ 1.a as alleged. All his student loans are listed as being current and in a deferred status. (GE 2) His December 2025 CBR reflects SOR ¶ 1.a as alleged and lists an unalleged charge off in the amount of $472. All his student loans are listed as delinquent and transferred, so current balances are not reported. (GE 4) His June 2026 CBR reflects SOR ¶ 1.a as alleged, the unalleged charge off for $472, and every student loan alleged on the amended SOR. (GE 5)

In K's affidavit, he stated that Applicant is a hard worker and a kind individual who helps others and who "can be trusted to do the right thing." The individual who trained Applicant at his prior employment, D, provided a letter of support. D stated that Applicant is "dependable, honest, and hard-working," and that Applicant handled sensitive tasks very well in his prior job, and management could rely on him for a variety of assignments. (AE M, O)

Policies

This case is adjudicated under Executive Order 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) implemented by the DOD on June 8, 2017.

"[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*, 484 U.S. at 531. "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. *See* 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*, 484 U.S. at 531.

Analysis

Guideline F, Financial Considerations

The 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.

The evidence establishes the following 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 are potentially applicable:

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;

AG ¶ 20(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

AG ¶ 20(d): the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

The debt in SOR ¶ 1.b arose due to Applicant's error in cancelling a gym membership. It has since been paid and closed. AG ¶ 20(d) applies and SOR ¶ 1.b is found for Applicant.

Applicant's student loans lost their deferment status within the past few months. It has been widely reported that, due to recent changes in how the Federal government administers student loans, hundreds of thousands of borrowers have found themselves in the same situation as Applicant. There is no evidence that the status change is due to anything Applicant did or failed to do. This is a circumstance largely beyond his control. He has acted responsibly by engaging with the lender, and he has made two good-faith payments toward rehabilitating his loans. Although these payments are small, this is an established and permissible method of student loan rehabilitation for individuals with very low incomes. He intends to continue making payments toward his student loans and to significantly increase his contribution once fully employed. AG ¶ 20(b) and 20(d) apply and SOR ¶¶ 1.c-1.r are found for Applicant.

The vehicle at issue in SOR ¶ 1.a has had an unusual and eventful history. Because K had possession of the vehicle and was responsible for the payments per their agreement, much of what happened to the vehicle was largely beyond Applicant's control. Furthermore, after signing for the vehicle, Applicant's own car was totaled, depriving him of his best source of income, and he fell ill for many months. Since that time, he has been unemployed or underemployed for much of the past four years. These are all circumstances beyond his control.

A security clearance adjudication is an evaluation of an individual's judgment, reliability, and trustworthiness. It is not a debt-collection procedure. ISCR Case No. 09-02160 (App. Bd. Jun. 21, 2010). The adjudicative guidelines do not require that an individual make payments on all delinquent debts simultaneously, pay the debts alleged in the SOR first, or establish resolution of every debt alleged in the SOR. He or she 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).

Applicant has acted responsibly in light of his limited circumstances. Although Applicant should have taken steps sooner to address this debt, he has more recently been able to do what is necessary to begin to do so. He initially contacted K about the delinquency, and K told Applicant he would handle it, which K failed to do. After it was first impounded, Applicant traveled to another state to take possession of it and left it at a friend's house to await repairs that he erroneously thought were necessary before turning it in to the lender. After it was impounded again due to its incorrect "stolen" status, he again paid to release it and is now waiting for the lender to take possession of the vehicle. He has been in communication with the lender and understands that once it is auctioned, the balance of the debt will be reduced by its sale price, and Applicant will be able to set up a repayment plan with the lender. He has already come up with his own plan for how to afford the payments.

In some cases, this may not be sufficiently mitigating. In this case, however, there were a number of factors I considered which helped to mitigate this allegation, discussed below under the whole-person concept. AG ¶ 20(b) applies to SOR ¶ 1.a and is found for Applicant.

Whole-Person Concept

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. In applying the whole-person concept, an 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. 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). Applicant comes from a low-income background and, at the time he took out the loan, he was financially unsophisticated. He now lives an exceedingly frugal lifestyle and is teaching himself how to responsibly handle his finances. At the hearing, he expressed remorse for taking out the auto loan and an understanding that the debt must be addressed responsibly if he were to be trusted with a security clearance. Those who know him vouch for his trustworthiness and honesty. I found him to be genuine in his desire to resolve his debts and improve his lot in life. I believe he has learned from the mistake of taking out a loan for his brother and will not make the same mistake again. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude that Applicant has mitigated the security concerns raised by his financial considerations.

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.r:	For Applicant

Conclusion

I conclude 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.

A. M. Driskill
Administrative Judge