DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00232
	)	
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Troy Nussbaum, Department Counsel
For Applicant: *Pro se*

07/29/2026

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On February 25, 2026, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant 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; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective for cases after June 8, 2017.

Applicant answered the SOR on March 4, 2026, and requested a hearing before an administrative judge. The case was assigned to me on June 1, 2026. The Defense Office of Hearings and Appeals issued a notice of hearing on June 3, 2026, and the hearing was convened as scheduled on June 30, 2026. The Government offered two exhibits, referred to as Government Exhibits 1 and 2, which were admitted without objection. Applicant called one witness, and offered two exhibits, referred to as Applicant's Exhibits A and B, which were admitted without objection. Applicant also testified on his own behalf. DOHA received the final transcript of the hearing (Tr.) on July 9, 2026.

Findings of Fact

Applicant is 40 years old, and is married a second time. He has an 18-year-old daughter from a previous marriage. He has a Bachelor's degree, and several IT Certifications. He is employed by a defense contractor as a Senior Workforce Technician. 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 alleged three delinquent debts owed to creditors on accounts that were either charged off or placed for collection totaling approximately $28,341. In his answer, Applicant admits each of the allegations set forth in the SOR. Applicant's credit report dated December 10, 2025, confirms this indebtedness. (Government Exhibit 2.)

Applicant served on active duty in the United States Air Force from 2005 to 2013. He then served in the Air Force inactive reserves from 2013 to 2016. During his military service he held a security clearance without incident. He received an honorable discharge. He has a disability rating of 70 percent and receives $1,961 monthly.

As a civilian, for a number of years, Applicant obtained employment working overseas under contract for various defense contractors. When a contract is completed, he returns stateside, applies for a new job with a new contract, waits to get hired, and then starts a new overseas assignment.

Applicant explained that he was originally hired and slated to do a one-year contract in Afghanistan from July 2021 to July 2022, and was expected to earn about $150,000 for the year. With that in mind, he had already used his VA loan and purchased a house in State A, in July 2020. He decided to furnish the home, so he got approved for a Navy Federal credit card, and used it to buy furniture for the house, both inside and out. At the time, Applicant had no problem charging on the card because he knew he would be making sufficient monies to timely pay back the debt.

In March 2021, as scheduled, Applicant was sent to Afghanistan to start the job. Three months later, and very unexpectedly, in June 2021, the troops and employees were pulled out of Afghanistan, and Applicant's contract ended. Due to the early withdrawal from Afghanistan, Applicant was unemployed from July 2021, to October 2021. While unemployed he used the Navy Federal credit card to buy food and for other living expenses. Applicant initially made payments on the account, but then fell behind because he could he could no longer afford to pay them. (Tr. p. 28.)

When Applicant finally became employed, in November 2021, he was only earning between $25,000 and $30,000 annually, significantly less that he would have earned on his previous job had it not ended early. He was not earning enough to cover his debt. As time passed, Applicant eventually obtained a better job that paid more, and in July 2025, he was able to purchase another house. He stated that this time, he paid cash for the furniture. (Tr. p. 36.)

In May 2022, Applicant was hired through a third party on a part-time basis as an Advanced Workplace Support Technician with the defense contractor. He became a full-time employee with the defense contractor and received a promotion on February 5, 2023, and is now a Senior Workforce Technician. He is currently being sponsored for a security clearance with this defense contractor. He completed an application for a security clearance dated July 22, 2025. (Government Exhibit 1.)

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

1.a. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $24,810. This is a credit card Applicant opened with Navy Federal Credit Union. Applicant stated that in April 2026, he contacted the collection agency for the creditor on at least three occasions and asked their representative if the earlier letter he had received from them offering to settle the account for $10,000 was still available to him. Applicant stated that he was told that they would get back to him. Applicant is still waiting. Applicant has made no voluntary payments on the account. No settlement agreement has been reached or formalized with the creditor. (Tr. p. 46-47) The debt remains owing.

Applicant's response to the SOR dated March 4, 2026, indicated that he had the offer to settle the account for $10,000, and he would have the debt paid off by October 2026. This did not happen, and the debt remains owing.

1.b. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $3,313. Applicant explained that he used the store credit card to purchase furniture he needed for a house he once owned. He also believes that he may have used his Navy Federal Credit card to purchase furniture for this house too. He made a few payments towards the debt until he could no longer afford to do so. He was contacted by the creditor in the summer of 2023. He stated that he tried to set up a payment plan with them, but was unsuccessful. He eventually disputed the debt, to get it removed from his credit report to improve his credit standing to be able to purchase a home. (Applicant's Exhibit A.) His wife told him that she believes the company has gone out of business. Applicant acknowledged that he owes the debt, and if contacted by the creditor attempting to collect the debt, he would pay it. (Tr. p. 31-32 and 41-42.)

1.c. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of $218.20. Applicant explained that his wife went to the store to obtain an internet air modem. Applicant stated that the device did not work properly, but he never did anything about it. Applicant paid the debt off in full on January 15, 2026. (Applicant's Exhibit B.)

Applicant's wife testified that in June 2021, Applicant was looking for work. He was receiving notices in the mail from Navy Federal Credit Union requesting payment on the account, but Applicant had no money to give them. He was not employed, and she had been laid off of her job. Covid did not help the situation. They had to borrow money from family members to make ends meet. It took some time before they were able to be able to address any of their delinquent debts. Recently, they have paid back the family members they borrowed from. They have also been trying to address their delinquent debts. Applicant's wife admitted that she too has debts or collection accounts. She and her husband are currently working together to improve their financial standing. Their goal is to create a budget, follow a budget, and balance the household finances. (Tr. p. 59-60.)

Policies

When evaluating an applicant's suitability for national security eligibility, 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. Three are potentially applicable in this case:

(a) inability to satisfy debts;

(b) unwillingness to satisfy debts regardless of the ability to do so; and

(c) a history of not meeting financial obligations.

Applicant initially incurred delinquent debt through no fault of his own, because his job assignment overseas ended early, and because he charged up a credit card he thought he would be able to pay off soon. Since then, however, he has ignored these delinquent debts, and he did not make them a priory to pay until receipt of the SOR. The evidence is sufficient to raise the above disqualifying conditions.

The following mitigating conditions under Financial Considerations 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, 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;
>
> (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; and
>
> (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.

Applicant remains excessively indebted. He recently paid off the smallest debt of the three debts set forth in the SOR. He disputed another, only to get it removed from his credit report, even though he admits that the debt is his debt. The largest debt remains owing in the approximate amount of $24,810. Although he stated that he contacted the collection agency concerning his largest debt on three occasions, he did not make any progress towards resolving it. He has made no voluntary payments on his own, nor has he shown any other effort to demonstrate a commitment to pay it. Applicant was not proactive. He has not made a good faith effort to resolve his debts, nor has he shown a pattern of responsibility, good judgment, and trustworthiness. None of the mitigating conditions apply. This guideline is found against 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. Considered in totality, Applicant owes approximately $24,810 in delinquent debt, and he remains excessively indebted. At this time, he does not show the requisite good judgment, reliability, and trustworthiness required for eligibility to access classified information. Accordingly, I conclude 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
Subparagraph 1.a.	Against Applicant
Subparagraphs 1.b. and 1.c.	For 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 national security eligibility for a security clearance. Eligibility for access to classified information is denied.

Darlene Lokey Anderson
Administrative Judge