DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01073
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Tovah Minster, Esq., Department Counsel
For Applicant: *Pro se*

07/28/2026

Decision

HYAMS, Ross D., Administrative Judge:

Applicant failed to mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

Statement of the Case

On July 24, 2024, Applicant submitted a security clearance application (SCA). On December 19, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant answered the SOR on December 29, 2025, and requested a hearing before an administrative judge.

The case was assigned to me on April 6, 2026. The hearing was convened on May 28, 2026. Department Counsel submitted Government Exhibits (GE) 1-4, which were admitted in evidence without objection. Applicant did not provide any documentation for consideration. After the hearing concluded, I held the record open for a week to allow Applicant to submit documentation, and he submitted Applicant's Exhibits (AE) A-E, which were admitted without objection.

Findings of Fact

Applicant admitted all the SOR allegations, SOR ¶¶ 1.a-1.c with explanation. Based on my review of the pleadings, evidence submitted, and testimony, I make the following findings of fact.

Applicant is 41 years old. He was married in 2011, and was separated in 2017, but has not finalized the divorce. He stated he signed the divorce paperwork in 2018 but claimed he has been unable to get his wife to sign it. He has been unemployed since mid-2023 but is sponsored for a security clearance by a government contractor to be an intelligence analyst. His last position was as an intelligence consultant from 2021-2023. He served in the Army on active duty from 2013-2017, as an intelligence analyst, and received an honorable discharge. During this service, he had one deployment to Afghanistan in 2014. (Tr. 14-18, 48-50; GE 1)

Applicant uses his VA disability payment, about $4,200 monthly, as his only source of income. He reported he received about three months of unemployment in 2023. He has had no other source of income since 2023. He reported he survives by lowering his living standards and on occasion gets some support, a few hundred dollars, from family members. He stated he owns his home, which was inherited from his grandparents. He also owns a lake home, which he uses as a vacation property. He purchased this home in 2018, and it has a $1,600 Monthly mortgage. (Tr. 19-48)

Applicant originally obtained a security clearance in 2013. He reapplied for a clearance in about 2019, but stated the investigation was stopped because of a loss of jurisdiction in 2021. He testified he has not worked since 2023 because he is waiting for his security clearance so he can work as an intelligence analyst. He reported he ran for sheriff in 2024 in his hometown, but he has had no income, nor has he attempted to work in other fields of employment. Post hearing, he submitted a screen shot from the LinkedIn and Indeed websites, showing that he has applied for 61 and 109 jobs respectively. However, the screenshots do not provide much information or indicate he tried to apply for positions outside the intelligence field. (Tr. 19-48; AE A, B, E)

Under Guideline F, the allegations are as follows:

SOR ¶ 1.a alleges Applicant has a credit card account that has been charged off for $13,349. He testified he did not know when the account was opened, and speculated it went delinquent in 2023. He claimed in late 2024 he made a payment arrangement of about $100-$150 monthly, which is auto drafted from his account, and the balance is down to about $12,000. Post hearing, he provided a letter from the creditor showing that the payment arrangement has been in effect since May 2025 and he has paid $100 monthly, for a total of $1,792. The balance is now $12,149. (Tr. 23-48)

SOR ¶ 1.b alleges Applicant has an account that has been charged off for $9,916. He testified that he did not know the origin of this debt. He claimed he reached out to get information on this debt in mid-2025. After it was sold to a collection agency, he claimed he contacted them and provided his contact information, but they never contacted him. He has not attempted further contact with the original creditor or collection agency. This debt is unresolved. (Tr. 23-48)

SOR ¶ 1.c alleges Applicant has a has an account that has been charged off for $9,916. This is a different account number than ¶ 1.b, but it appears to be the same creditor. He testified that he did not know the origin of this debt. He claimed he reached out to get information on this debt in mid-2025. After it was sold to a collection agency, he claimed he contacted them and provided his contact information, but they never contacted him. He has not attempted further contact with the original creditor or collection agency. This debt is unresolved. (Tr. 23-48)

Applicant did not report any financial delinquencies on his July 2024 SCA. In his February 2025 background interview with a government investigator, he was confronted with the debt in SOR ¶ 1.a the investigator reported he "disagreed. He has no such account[s]." When confronted with the debts in SOR ¶¶ 1.b and 1.c, the investigator reported he "disagreed. He does not have an account with this creditor" and stated he would check on it within a week. (GE 1, 2)

In his December 2025 SOR Answer, Applicant admitted the three allegations and stated that the three SOR debts were credit accounts that were used jointly when he was married. He wrote that they were jointly used for household and marital expenses. He wrote "following my divorce… I was left solely responsible for these obligations. Despite the legal dissolution of the marriage, the financial impact remained with me alone, including the negative credit reporting that resulted from circumstances beyond my sole control…" He wrote that not having his clearance has prevented him from working and ultimately resolving these debts. He concluded his Answer by stating that he requests his "financial history be considered in full context, including the circumstances of my divorce, the shared nature of the debts, and my demonstrated commitment to responsibility and transparency..." (Answer)

Applicant's August 2024 consolidated credit report and his July 2025 Equifax credit report show all three charged off accounts, with unique account numbers, and both reports state that these were individual accounts (in Applicant's name), not joint accounts. (GE 3, 4)

Applicant claimed he had some financial counseling in the military, and has a friend who is a financial counselor, who gives him casual advice. He stated he has a budget and submitted a copy. It shows he has a $540 monthly remainder after his expenses. It also shows monthly he saves $200, spends $300 on entertainment, and $200 on miscellaneous. These numbers show he really has about $1,240 monthly in discretionary income. He claimed this is the first time he has had financial difficulty.

Applicant testified he timely filed his 2021 and 2022 federal income tax returns but received notification from the IRS in 2025 that he needed to refile these returns. He reported he has not resolved this matter. He did not seem to understand the issue and was asked to provide the letter from the IRS but he did not submit it. These tax issues are not being considered for purposes of disqualification but will be considered in the application of the mitigation conditions. (Tr. 23-50; AE C)

Policies

This case is adjudicated 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 adjudicative guidelines (AG), which became effective on June 8, 2017.

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. 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 the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), 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."

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 security 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 of 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.

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

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

> (a) inability to satisfy debts; and
>
> (c) history of not meeting financial obligations.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following 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;

(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's statement about the debts in his SOR Answer is a material falsification. He is not divorced. There is no legal dissolution of marriage. The credit reports shows these were not joint debts. Furthermore, Applicant failed to report any financial delinquencies on his SCA and told the background investigator these were not his accounts. At the hearing, his testimony showed he still had not taken sufficient action to determine the origin and his responsibility for SOR ¶¶ 1.b and 1.c.

While Applicant has made about one year of $100 monthly payments to the debt in SOR ¶ 1.a, this is not a good faith effort. At the current rate, not accounting for interest or other fees, it will take him more than ten years to repay this debt. His payment arrangement was also initiated almost a year after the security clearance investigation process had commenced.

He wrote in his Answer that not having his clearance has prevented him from working and ultimately resolving these debts. However, the record shows he has not made a good faith effort to find employment outside of the intelligence field since he has been unemployed. The two screenshots he submitted do provide sufficient evidence that he has applied for other types of employment. For these reasons, Applicant cannot rely on unemployment as a reason he cannot resolve his charged off debts.

In a Guideline F case, the Appeal Board has held that until an Applicant has a "meaningful financial track record it cannot be said as a matter of law that he has initiated a good-faith effort to repay overdue creditors or otherwise resolve debts." ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007). The concept of "'meaningful track record' necessarily includes evidence of actual debt reduction through payment of debts." *Id*.

The timing of his action is also relevant. Applicant has only made minimal payments on one of the alleged debts and did not take this action until after the security clearance investigation process commenced. He has not provided sufficient evidence that he acted responsibly under the circumstances.

None of the mitigating conditions fully apply. His failure to pay delinquent debt is recent, not isolated, and ongoing. It cannot be found to occur due to circumstances beyond his control or unlikely to recur, and he has not acted responsibly. He did not provide sufficient evidence to find the problem is under control, that he is adhering to a good faith effort to resolve debt, or has a reasonable basis to dispute the legitimacy of the debts. All of this continues to cast doubt on his current reliability, trustworthiness, and judgment.

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 the facts and circumstances surrounding this case. I considered his military service and service to the government working for a government contractor. I have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility for a security clearance. I conclude that Applicant has not mitigated the financial considerations security concerns. This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for eligibility for access to classified information in the future.

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
Subparagraphs 1.a-1.c:	Against Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Ross D. Hyams
Administrative Judge