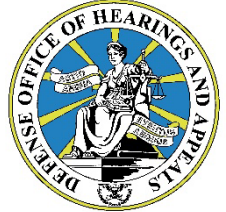




**DEFENSE LEGAL SERVICES AGENCY  
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 25-01070

**Appearances**

For Government: Jenny Bayer, Esq., Department Counsel

For Applicant: *Pro se*

08/07/2026

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**Decision**

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ROSS, Wilford H., Administrative Judge:

Applicant did not mitigate the security concerns arising from his delinquent debts. Eligibility for access to classified information is denied.

**Statement of the Case**

On September 10, 2025, the Defense Counterintelligence and Security Agency (DCSA) 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; 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.

Applicant responded to the SOR in writing (Answer) on September 15, 2025, and requested a hearing before an administrative judge. Department Counsel was prepared to proceed on December 16, 2025. The case was assigned to me on December 18, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on January 21, 2026. I convened the hearing as scheduled on April 9, 2026. The Government offered Government Exhibits 1 through 6, which were admitted without objection. At my request, after the hearing Department Counsel submitted a credit report dated April 21,

2026. It was marked Government Exhibit 7 and admitted without objection. (Transcript (Tr.) 58.) Applicant testified on his own behalf. The record remained open until May 1, 2026, for the receipt of additional documentation from Applicant. No further information was provided. DOHA received the transcript of the hearing on April 23, 2026. The record closed on May 1, 2026.

### **Procedural Note**

After the hearing commenced, Department Counsel was notified that Applicant's prospective employer had terminated sponsorship effective the date of the hearing, April 9, 2026. Department Counsel supplied documentation of the fact to me and Applicant. It is attached to the record as Government Exhibit 8. (Tr. 56-57.)

### **Findings of Fact**

Applicant is 46 years old, married for the second time, and has five children. His oldest child lives with her mother, Applicant's ex-wife. He provides child support for the child. He is a high school graduate and has taken several college courses. He is not currently working in a position that requires national security eligibility. He had previously been working overseas for a defense contractor in 2024 for six months. He also worked overseas for two years from 2021 through 2023. Applicant served in the Army from 2002 to 2015, when he was medically discharged. (Government Exhibit 1 at Sections 13A, 15, 17, and 18; Government Exhibit 6 at 2-3, Tr. 9-10, 21-24, 50-51.)

### **Paragraph 1 (Guideline F, Financial Considerations)**

The Government alleges in this paragraph that Applicant is ineligible for clearance because he is financially overextended and therefore potentially unreliable, untrustworthy, or at risk of having to engage in illegal acts to generate funds. Applicant admitted all the allegations (SOR 1.a through 1.g) with explanations.

Based on the available documentary evidence Applicant is alleged to owe approximately \$29,307 in unpaid back taxes, child support arrearages, and past-due or charged-off consumer debts. The Government provided credit reports of Applicant dated April 8, 2023; July 16, 2025; August 26, 2025; and April 21, 2026, supporting the existence of the debts. (Government Exhibits 3, 4, 5, and 7.) The debts are also supported by his admissions to an authorized investigator from the Office of Personnel Management during an interview on May 22, 2023. (Government Exhibit 6 at 5-7.) The debts are also supported by Applicant's responses to DCSA interrogatories dated May 22, 2025. (Government Exhibit 2.)

Applicant states that his inability to pay his past-due debts occurred as an aftermath of his being medically discharged from the Army in 2015. He has been trying to get work overseas where he can make more money and resolve the debts. (Tr. 19-20, 35.)

The current status of the debts alleged in the SOR is as follows:

1.a. Applicant admitted that he owes \$1,736 in unpaid back taxes to the Federal government for tax year 2021. No recent payments have been made on this tax debt, and he has no plans to make payments. Rather, he intends to have this debt resolved by refund recapture of future tax refunds. This debt is not resolved. (Government Exhibit 2 at 27-28; Tr. 30-36.)

1.b. Applicant admitted that he owes \$5,085 in unpaid back taxes to the Federal government for tax year 2022. No recent payments have been made on this tax debt, and he has no plans to make payments. Rather, he intends to have this debt resolved by refund recapture of future tax refunds. This debt is not resolved. (Government Exhibit 2 at 27-28; Tr. 30-36.)

1.c. Applicant admitted that he owes approximately \$19,972 in back child support. According to Applicant, this arrearage occurred after he was medically discharged from the Army in 2015 and was unemployed for a time. He also states that he has been making bi-monthly \$500 payments on this arrearage during periods when he is employed. He submitted documentation showing that he had made a \$2,500 payment on April 29, 2025. He maintains that the debt has been reduced to approximately \$17,000. Applicant was given an opportunity to present recent documentation concerning the status of this debt. He elected not to do so. This debt is not resolved. (Government Exhibit 2 at 12-14; Government Exhibit 6 at 5-6; Tr. 19-20, 37-46.)

1.d. Applicant admitted that he owes a creditor \$1,785 for a past-due debt. No recent payments have been made on this debt, and he has no plans to make payments. This debt is not resolved. (Tr. 46-49.)

1.e. Applicant admitted that he owes a creditor \$561 for a past-due debt. Applicant testified that this was for an unreturned modem. Applicant has been unable to resolve the debt with the internet company. No recent payments have been made on this debt, and he has no plans to make payments. This debt is not resolved. (Tr. 49-50.)

1.f. Applicant admitted that he owes a creditor \$98 for a charged-off debt. No recent payments have been made on this debt, and he has no plans to make payments. This debt is not resolved. (Tr. 51-52.)

1.g. Applicant admitted that he owes a creditor \$70 for a charged-off debt. No payments have been made on this debt, and he has no plans to make payments. This debt is not resolved. (Tr. 52-53.)

Applicant testified that he had obtained financial counseling while qualifying to purchase a house. He was given the opportunity to provide documentation concerning the counseling. He elected not to submit such documentation. (Tr. 26-27.)

According to Applicant, he and his wife have a net remainder of approximately \$1,000 to \$1,500 per month. He testified that rather than using the money to pay down his indebtedness he sends it to his ex-wife as additional support for their child. (Government Exhibit 2 at 16; Tr. 21-26.)

### **Policies**

When evaluating an applicant's national security eligibility for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines (AG) list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's national security eligibility.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied 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 applicable guidelines in the context 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, "Any 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. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to 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, and has the ultimate burden of persuasion as to obtaining 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 national security eligibility. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified or sensitive information. Finally, as emphasized in Section 7 of Executive Order 10865, "Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned."

See *also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

## **Analysis**

### **Paragraph 1 (Guideline F, Financial Considerations)**

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

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.

AG ¶ 19 describes three conditions that could raise security concerns and may be disqualifying in this case:

- (a) inability 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.

Applicant owes two years of back taxes (SOR 1.a and 1.b) He owes between \$17,000 and \$19,000 in back child support (SOR 1.c). Finally, he has four delinquent consumer debts that he has not paid (SOR 1.d to 1.g). All three of the disqualifying conditions apply. The burden thereby shifts to Applicant to mitigate the adverse inference of his delinquent debts.

The guideline includes five conditions in AG ¶ 20 that could mitigate the security concerns arising from Applicant's alleged financial difficulties:

- (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, 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

(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.

Applicant has had financial issues for several years. The situation regarding his back income taxes is particularly concerning. According to Applicant's testimony, he has the financial ability to make payments on these two debts. Instead, he wants to let the IRS take the money out of his tax return. Such action does not show good judgment. In addition, he still owes a considerable amount in back child support. No evidence was submitted showing that he had been making consistent payments. He has not made any payments on the other debts, no matter how small. None of the mitigating conditions fully apply. Based on all of the available evidence, Applicant has not mitigated the security concerns of this guideline.

### **Whole-Person Concept**

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility 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 national security 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 pertinent facts and circumstances surrounding this case. Applicant is not currently eligible for national security eligibility because of his unresolved financial situation. Paragraph 1 is found against Applicant.

### **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.g:

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 national security eligibility for a security clearance. Eligibility for access to classified information is denied.

WILFORD H. ROSS  
Administrative Judge