DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01400
	)	
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Aubrey M. De Angelis, Department Counsel
For Applicant: *Pro se*

07/21/2026

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On December 31, 2025, 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 January 13, 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 2, 2026, and the hearing was convened as scheduled on June 23, 2026. The Government offered four exhibits, referred to as Government Exhibits 1 through 4, which were admitted without objection. Applicant offered two exhibits, referred to as Applicant's Exhibits A and B, which were admitted without objection. Applicant also testified on his own behalf. The record remained open until close of business on June 25, 2026, to allow the Applicant the opportunity to submit a supporting document. Applicant submitted one Post-Hearing Exhibit, referred to as Applicant's Post-Hearing Exhibit A, which was admitted without objection. DOHA received the final transcript of the hearing (Tr.) on July 2, 2026.

Findings of Fact

Applicant is 39 years old, and is not married with four children. He cohabitates with his girlfriend of seven years, and her two children from a previous relationship. He has a biological child of his own who is one and a half years old, and his girlfriend is expecting another baby soon. He has an older daughter who lives with his ex-wife. He has a high school diploma and about a year of college. He is employed by a defense contractor as a Security Specialist II. 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 sixteen delinquent debts owed to creditors on accounts that were either charged off or placed for collection; and Federal back taxes owed for tax years 2022 and 2023, together totaling approximately $118,000. In his answer, Applicant admits each of the allegations set forth in the SOR. Credit reports of the Applicant dated October 20, 2025; and May 22, 2026, confirm this indebtedness. (Government Exhibits 3 and 4.)

Applicant began working for his current employer in June 2024. He earns between $80,000 and $85,000 annually, and he provides all of the financial support for the household. He also pays child support of $620 monthly to his ex-wife for his eldest daughter. Applicant's girlfriend, who he resides with, was laid off from her job two months before the hearing. (Tr. pp. 17-19.)

In 2020, Applicant explained that his mother retired and moved to Arizona to live with Applicant's brother. Her cancer was in remission. In 2021, her cancer returned, and she moved back to California to obtain medical care from her provider. To do this, she moved in with Applicant, and he took care of her and paid for all of her living expenses. Her medical treatment and related costs were covered by her provider. Applicant purchased a bed and furniture for his mother among many other things. Applicant found this situation to be costly. At that time, he was also in a custody battle with his ex-wife over custody of his daughter, which was expensive. (Tr. pp. 22-26.)

Applicant stated that at one point he was working three jobs. He was earning as much as $96,000 annually, but it was still not enough to pay all of his bills. His regular monthly expenses included rent, utilities, groceries, and child support for his eldest daughter. However, he also purchased other things, not necessarily things he needed, but things he wanted. His paychecks did not cover his expenses. At some point, he started using his credit cards to pay his rent. He had about ten credit cards at the time and was using all of them. He purchased clothes for his child, more things for his mother, work clothes for himself, and food and gas. Applicant's mother lived with him for three years, until sometime in late 2023, when he could no longer afford to take care of her. At that point, his mother moved in with his sister. His mother passed away at the beginning of 2024. (Tr. pp. 26-32.)

Applicant started investing in gold and silver in 2022. He purchased $10,000 worth of gold with a credit card as an investment. He sold the gold for $8,000, and lost money on the gold investment. (Tr. pp. 44-45.) Applicant's spending continued until he stopped making the payments on the credit cards in about 2023. Applicant admitted that he was definitely living beyond his means. (Tr. p. 41)

In late 2023, after his mother moved out, Applicant's girlfriend and her two children moved in with the Applicant. His girlfriend was earning $4,200 monthly at the time, and she was going to help him with the bills. (Tr. pp. 62 and 85.) She is currently unemployed, pregnant, and scheduled to give birth to Applicant's baby in about two months.

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 charged off in the approximate amount of $21,921. This is a delinquent credit card account that was opened in August 2021, and last paid in July 2023. He used it to purchase a bed and furniture for his mother, furniture for himself, and a washer and dryer. The debt remains owing. (Tr. pp. 46-47.)

1.b. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of $19,445. This is a delinquent credit card account that was opened in January 2022, and last paid in November 2023. He used it to purchase groceries and things of that nature. The debt remains owing. (Tr. p. 47.)

1.c. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $12,103. This is a delinquent credit card account that was opened in October 2020. Applicant stated that he settled the account for two payments of $637. I find him to be credible. The debt is no longer owing. (Tr. pp. 52-53.)

1.d. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $10,165. This is a delinquent credit card account that was opened in September 2021, and last paid sometime in 2023. He used it to pay living expenses. The debt remains owing. (Tr. pp. 54-55.)

1.e. Applicant is indebted to a creditor for an account that has been charged off in the approximate amount of $9,397. This is a delinquent credit card account that was opened in January 2023, and last paid in August 2023. He used it to pay living expenses. The debt remains owing. (Tr. p. 56.)

1.f. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of $8,195. This is a delinquent credit card account that was opened in August 2021, and last paid in March 2023. He used it to pay living expenses. The debt remains owing. (Tr. p. 56.)

1.g. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $6,922. This is a delinquent credit card account that was opened in September 2021, and last paid in April 2024. He used it to pay living expenses. The debt remains owing. (Tr. pp. 57-58.)

1.h. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $6,691. This is a delinquent credit card account that was opened in October 2020, and last paid in April 2023. He used it to pay living expenses. The debt remains owing. (Tr. p. 58)

1.i. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of $6,565. This is a delinquent credit card account. He used it to pay living expenses. The debt remains owing. (Tr. pp. 60.)

1.j. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of $5,082. This is a delinquent credit card account. He used it to pay living expenses. The debt remains owing. (Tr. p. 60.)

1.k. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $4,229. This is a delinquent credit card account. He used it to pay living expenses, and to help take care of his girlfriend and her two children. The debt remains owing. (Tr. p. 61.)

1.l. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $2,295. This is a delinquent credit card account. The debt remains owing. (Tr. p. 63.)

1.m. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of $1,847. This is a delinquent credit card account. Applicant has set up a payment plan to resolve the debt. He made his first payment of $44.92 on April 16, 2026, as well as the May and June payments. He plans to continue the payments each month thereafter until the debt is paid in full. The debt is being paid. (Applicant's Exhibit A.)

1.n. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of $1,366. This is a delinquent credit card debt. The debt remains owing. (Tr. p. 65-66.)

1.o. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $1,359. This is a delinquent credit card debt. Applicant stated that he has made a few payments to resolve the debt, but made his last payment on December 2025. He currently owes $1,121. The debt remains owing. (Tr. p. 66-69.)

1.p. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of $1,235. This is a delinquent credit card debt. Applicant has set up a payment plan, and is making monthly payments of about $80 that are automatically deducted out of his bank account to resolve the debt. Applicant believes that he has already made at least four payments towards resolving the debt. He currently owes $1,010.50. The debt is being paid. (Applicant's Exhibit B, and Tr. pp. 69-73.)

1.q. Applicant is indebted to the Federal Government in the approximate amount of $3,319, for unpaid taxes owed for tax years 2022-2023. Applicant stated that a portion of his income tax refund for tax year 2025 was automatically applied to his 2022-2023 income tax indebtedness. He currently owes about $1,200 in back taxes to the IRS for the tax years in question. The debt is being paid. (Tr. pp. 75-76)

Applicant stated that he is also indebted to a creditor not listed in the SOR for two separate accounts. One account, he knows that he owes $7,000. The other account he cannot remember the amount that he owes. The two debts remain outstanding. (Tr. p. 79-80.)

Applicant has taken an on-line Financial Counseling Class and has received a Certificate of Completion dated March 23, 2026. (Applicant's Post-Hearing Exhibit A.)

Applicant is currently supporting the family on his salary alone. He understands that without his girlfriend's salary, he must get a second job. Also, with the baby coming soon, he will incur additional expenses. Applicant's intentions are to handle his debts as best as possible. He may file Bankruptcy to discharge his delinquent debts. (Tr. pp. 86.)

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. Five are potentially applicable in this case:

(a) inability to satisfy debts;

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

(c) a history of not meeting financial obligations;

(e) consistent spending beyond one's means or frivolous or irresponsible spending, which may be indicated by excessive indebtedness, significant negative cash flow, a history of late payments or of non-payment or other negative financial indicators; 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 opened and charged up a number of credit cards and used them to purchase things he wanted and could not afford. He lived beyond his means and spent excessively. He also failed to pay his delinquent tax debts for tax years 2022 and 2023, until the Federal Government applied a portion of his 2025 tax refund to his past tax liabilities. 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

(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 incurred unexpected expenses when his mother came to live with him, and his ex-wife took him through a child custody battle. It is understandable that life may from time to time bring on unexpected circumstances that may require a person to spend more than they can actually afford. However, when that happens, an individual must still act reasonably and responsibly and show good judgment, being vigilant to pay the debt off as soon as possible. In this case, Applicant just kept spending well beyond what he needed to care for his mother, and to cover the cost of the child custody battle. Applicant opened up numerous credit cards accounts and used them for whatever he wanted to purchase. He spent way beyond his means, and stopped making payments on the cards in 2023. Recently he started to address a few of his delinquent debts. He paid off one debt in full, and set up payment plans that he is following to resolve two of his smaller debts. He also paid off a portion of his tax 2022-2023 liability with a portion of his 2025 income tax refund. However, he has a long way to go to show some significant progress. He remains excessively indebted. He currently owes at least $115,000 in credit card debt. His enormous indebtedness shows poor judgment, unreliability, and untrustworthiness. 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's financial situation is one of the most egregious I have seen. 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
Subparagraphs 1.a. and 1.b.	Against Applicant
Subparagraph 1.c.	For Applicant
Suparagraphs 1.d. through 1.l.	Against Applicant
Subparagraph 1.m.	For Applicant
Suparagraphs 1n. and 1.o.	Against Applicant
Subparagraphs 1.p. and 1.q.	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