DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00412
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Erin P. Thompson, Esq., Department Counsel
For Applicant: *Pro se*

08/12/2026

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 August 6, 2025. On May 27, 2026, 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 April 19, 2026, and requested a hearing before an administrative judge. Department Counsel was ready to proceed on June 9, 2026. The case was assigned to me on June 11, 2026. On June 30, 2026, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled to be conducted on July 7, 2026.

I convened the hearing as scheduled. Government Exhibits (GE) 1 through 4 were admitted in evidence without objection. Applicant testified and did not submit any documents. I kept the record open until August 10, 2026, to enable him to submit additional evidence. He timely submitted Applicant Exhibits (AE) A through F, which were admitted in evidence without objection. The record closed on August 10, 2026. DOHA received the transcript on July 14, 2026.

Findings of Fact

The SOR alleges Applicant has 12 delinquent debts totaling $64,154. He admitted all the allegations with explanations. His admissions are incorporated into the findings of fact. Additional findings follow.

Applicant is 34 years old. He earned a bachelor's degree in 2020. He served in the Marine Corps from 2011 to 2015, earning the rank of corporal (E-4) and receiving an honorable discharge. He was unemployed from November 2015 to March 2016 and March 2020 to April 2021. He has never married but dated his ex-girlfriend, J, from June 2015 to August 2025. He has two minor children. He has worked for his current employer since August 2022. (Tr. 18-22, 26, 31; GE 1; AE F)

Applicant did not report any delinquent debt in his August 2025 SCA. He had a background subject interview (SI) with a government investigator in January 2026. When asked if he had any delinquent debt to report, he responded that he had been delinquent on child support payments, two or three personal loans, and about three credit cards. He stated he did not list them on his SCA because he was not given much time to complete it. He stated the delinquent child support was due to a change in his payroll system and that the issue was resolved and he was no longer delinquent. He stated that he was currently paying a judgment through a payroll deduction and would be finished paying it with his next paycheck. (GE 1, 4)

In his SI, Applicant stated he had signed up for a debt relief service (DRS) but had to back out of it because it was not working for him. He had used the same DRS in 2018, and it helped him pay some of his debts at that time. He explained that his financial problems started when he had surgery in January 2020, and then the COVID pandemic caused him to be furloughed and for J to lose her job. He was furloughed from March 2020 until April 2021, during which he would work sporadically at a part-time job. (Tr. 30-31) They were living together at the time and share a child. The couple had essentially no income in 2020. Applicant explained that his financial issues worsened more recently when he and J broke up in August 2025, causing him to move out and try to find a new place to live. He stated that the last four years were difficult due to the cost of living, raising children (J had another child from a previous relationship who lived with them), and paying rent. He stated that their rent had increased significantly, which exacerbated the problems. (GE 4; Tr. 23)

In his SI, Applicant agreed with each of the debts that are listed on the SOR. He explained that SOR ¶ 1.a was an auto loan that he was paying on a modified payment plan. He stated that SOR ¶ 1.b was the apartment he lived in with J, and he believed she had stopped paying the rent after he moved out. He believed that SOR ¶ 1.d was the judgment he was currently paying and provided a December 2025 letter showing a $10.71 balance on the judgment. He explained that the remaining debts were personal loans and credit cards used to cover living expenses. He stated that he intended to set up a payment plan with each debt and pay them off one at a time. (GE 4)

In his Answer to the SOR, Applicant stated that the debt in SOR ¶ 1.a was settled, and he was making payments on it; the debt in SOR ¶ 1.b would be settled; and the debts in SOR ¶¶ 1.c-1.l were enrolled in a DRS. He stated that he had to temporarily pause the DRS due to changes in his personal life but that he anticipated restarting the program in May or June 2026. He did not provide any supporting documentation.

Applicant's December 2025 credit bureau report (CBR) lists all the accounts as alleged on the SOR. His February 2025 CBR lists all but SOR ¶ 1.b. From February to December 2025, the balances on SOR ¶¶ 1.a, 1.e, and 1.h decreased, and the balances on SOR ¶¶ 1.d and 1.f increased. (GE 2, 3)

At the hearing, Applicant testified regarding each debt. He stated he started working with a DRS in about 2020 or 2021. They helped him with some of his debts but then he found they were doing "weird things," and he decided to opt out of the program and try to settle debts on his own. (Tr. at 28) He stated that he reached a settlement for the debt in SOR ¶ 1.a, and he is making monthly payments until it is paid off. He turned in the vehicle in January 2026 and has about $2,000 left to pay (the debt was originally $20,460, the largest debt on the SOR). He provided proof of the settlement amount and a history of monthly, automatic $65 payments made since May 2026. He has since bought a used vehicle that he pays $701 a month for. This debt is being resolved. (Tr. 28-36; GE 2; AE A-D)

Applicant testified that he and J stopped paying their rent after multiple rent increases, resulting in the debt in SOR ¶ 1.b ($11,084). They agreed to move out in September 2024 to avoid it being categorized as an eviction. He dealt with the debt collector after they moved out, but the company would change the terms of the agreement each time they tried to settle so he was unable to resolve it. He and J are now working out how much each will pay but are being told different amounts by the collection agency, so it is still being worked on. (Tr. 36-39)

Applicant provided the current status of the rest of the SOR debts:

- SOR ¶¶ 1.c ($9,450), 1.d ($5,815), 1.g ($1,551), 1.h ($1,540), and 1.j ($1,326): No progress has been made on the debts as of the hearing, and they will likely be enrolled in a DRS. (Tr. 40-42, 44, 47-49) After the hearing, Applicant submitted a wage deduction notice for a garnishment ordered on May 6, 2026 which appears to pertain to SOR ¶ 1.c. (AE E)

- SOR ¶ 1.e ($5,460): The debt was the subject of a judgment, and his wages were garnished until paid in full. This debt is resolved. (Tr. 42-44)

- SOR ¶ 1.f ($4,186): One of three credit cards with the same creditor, but the other two are not alleged on the SOR. He plans to either settle it himself or enroll it in DRS. (Tr. 44-46)

- SOR ¶ 1.i ($1,405): He received a settlement offer and plans to accept it. (Tr. 47-48) After the hearing, he submitted an additional statement that the creditor is mailing him the paperwork so they can come to an agreement. (AE A)

- SOR ¶ 1.k ($998): He forgot about it and thought he paid it. He stated he could be wrong, and he will have to go through his paperwork. (Tr. 49-50) After the hearing, Applicant provided documentation showing he had settled the amount and is scheduled to repay the settled amount over 12 months. This debt is being resolved. (AE B)

- SOR ¶ 1.l ($879): He explained that the card was closed "just out of nowhere" and they would not let him pay it off. Now it has accumulated fees which he is unwilling to pay. He believes he filed a dispute with the credit reporting agencies when it first occurred. (Tr. 50-51)

Applicant testified that he has two settlements (the debt in SOR ¶ 1.a and an unalleged debt) and is working on a third one (SOR ¶ 1.i), which he would like to resolve himself before continuing the DRS program. He would also like to settle the debt in SOR ¶ 1.b before continuing with the DRS. He testified that he is hoping to restart the DRS within the next two months. After the hearing, he provided evidence that he reached a settlement agreement with the unalleged debt, and he has made two payments on it. (Tr. 40-41, 56-63; AE B)

Applicant testified that he has a formal child support agreement for his son and his son's mother, but he does not have a child support agreement for his daughter and J. He has an informal arrangement with J to provide for their child as needed. (Tr. 26-27) He takes home about $2,700 every two weeks after taxes and child support. He pays about $1,800 per month for housing, which includes utilities. He gives J about $300 per month in addition to the expenses he pays for his daughter when she is with him. He has about $20,000 in a retirement savings account. He estimated that, depending on the month, he could have between $25 and $2,700 left over to pay his debts. He submitted a budget showing a monthly net remainder between $3,147 and $3,847, although given his testimony, it is possible he listed his gross rather than net income on the budget. He has student loans that will be in deferment until October 2028. (Tr. 51-61; AE C)

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.

AG ¶ 20(a) does not apply to the SOR allegations. "It is also well established that an applicant's ongoing, unpaid debts demonstrate a continuing course of conduct and can be viewed as recent for purposes of the Guideline F mitigating conditions." ISCR Case No. 22-02226 at 2 (App. Bd. Oct. 27, 2023) (citing ISCR Case No. 15-06532 at 3 (App. Bd. Feb. 16, 2017)).

Applicant's financial issues initially arose around 2020 due to surgery he had and the COVID pandemic, which resulted in a loss of employment for Applicant and his then-girlfriend. They struggled financially for several years due to the cost of living, raising children, and unaffordable rent increases. His already-existing financial issues were worsened by the breakup of his long-term relationship in August 2025. These are conditions largely beyond his control. In the year since his breakup, he has begun to act responsibly toward his debts and has developed a reasonable plan for repayment.

Applicants are not required "to be debt-free in order to qualify for a security clearance. Rather, all that is required is that an applicant act responsibly given his or her circumstances and develop a reasonable plan for repayment, accompanied by 'concomitant conduct' that is, actions which evidence a serious intent to effectuate the plan." ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017) (denial of security clearance remanded) (citing ISCR Case No.13-00987 at 3, n. 5 (App. Bd. Aug. 14, 2014)). There is no requirement that an applicant make payments on all delinquent debts simultaneously, nor is there a requirement that the debts alleged in the SOR be paid first. *See* ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008). *See also* ISCR Case No. 23-01434 at 2-3 (App. Bd. May 7, 2024).

Applicant entered into a settlement agreement for his largest debt, SOR ¶ 1.a, thereby reducing the alleged delinquent balance by more than $18,000, and has a history of timely payments on the balance. He has entered into settlement arrangements with two other creditors, SOR ¶ 1.k and an unalleged debt. He is about to enter into an additional settlement arrangement for SOR ¶ 1.i. Although not evidence of responsibility, SOR ¶ 1.e was resolved through garnishment and SOR ¶ 1.c will be resolved through garnishment as well. Altogether, those efforts address more than half of the debt balance alleged on the SOR, leaving about $26,381 to be settled or enrolled in the DRS. He had previously enrolled most of his debts in a DRS and intends on continuing with the DRS for debts he cannot settle himself. Given that it has been only one year since his last financial setback, I find that these efforts, made within a relatively short time period, evidence a serious intent to effectuate a plan. He has demonstrated his good faith, and he has a track record of paying his debts. Based on his budget and savings, he should have the means to afford to resolve his remaining delinquent debts. AG ¶¶ 20(b) and 20(d) are established.

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 honorably served in the military for four years. He earned a bachelor's degree in 2020. He has been gainfully employed since 2022. I found him to be forthcoming and genuine in his desire to resolve his financial difficulties. 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.

Applicant is warned that security officials can reassess his circumstances at any time. In future security clearance assessments, his entire history will be considered, including this decision. Failure to resolve the SOR debts or future delinquent debts may demonstrate a pattern and may result in revocation of his security clearance.

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.l:	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