DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00136
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Tovah Minster, Esq., Department Counsel

For Applicant: *Pro se*

08/12/2026

Decision

ROSS, Wilford H., 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 filled out an Electronic Questionnaire for Investigations Processing (e-QIO) on July 23, 2025. (Government Exhibit 1.) On March 4, 2026, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. 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 March 9, 2026, including attachments, and requested a hearing before an administrative judge. Department Counsel was prepared to proceed on March 6, 2026. The case was assigned to me on April 6, 2026. The Defense Office of Hearings and Appeals (DOHA) issued a Notice of

Hearing on April 7, 2026. I convened the hearing as scheduled on May 12, 2026. The Government offered Government Exhibits 1 through 5, which were admitted without objection. Applicant testified on his own behalf and submitted Applicant Exhibits A through I. (Applicant Exhibits H and I were originally attached to his Answer.) Applicant's exhibits were admitted without objection. He asked that the record remain open until June 18, 2026, for the receipt of additional documentation. He timely submitted four additional exhibits. They are identified as follows in order to be consistent with the other exhibits: Applicant Exhibit J is a one-page progress statement. Applicant Exhibit K is proof of payment for SOR allegation 1.a. Applicant Exhibit L is a paid-in-full receipt from a financial lending agency (FLA). Applicant Exhibit M is a paid-in-full receipt for SOR allegation 1.d. The four exhibits are admitted without objection. DOHA received the transcript of the hearing (Tr.) on May 26, 2026. The record closed on June 18, 2026.

Findings of Fact

Applicant is 37 years old, married, and has two children. He has a GED. He served on active duty with the Army from 2011 to 2016 and was medically discharged with an Honorable Discharge. He has been employed by a defense contractor since 2021 as an information assurance and compliance analyst. (Government Exhibit 1 at Sections 13A, 15, 17, and 18; Tr. 6-7, 23-27.)

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 allegations 1.a through 1.d under this guideline with clarifications.

Based on the available documentary evidence Applicant is alleged to owe approximately $32,787 for four charged-off or past-due debts. The Government provided credit reports of Applicant dated February 21, 2024; February 19, 2025; and December 16, 2025, supporting the existence of the debts. (Government Exhibits 3, 4, and 5.) The existence of the debts is supported by Applicant's admissions in Section 26 – Financial Record of his e-QIP. (Government Exhibit 1.) The existence of the debts is also supported by his admissions to an authorized investigator from the Office of Personnel Management during an interview on January 13, 2026. (Government Exhibit 2.)

Applicant admitted that he mismanaged his finances earlier in his life after leaving the Army, which is why he had four past-due debts. He vacillated between trying to pay the debts or just not paying them, letting them be charged off and eventually dropping from his credit report. In addition, in 2025 Applicant's father was diagnosed with brain cancer. He had lived with Applicant since 2021, but his illness affected Applicant emotionally and financially. However, in late 2025 he decided to take charge and pay these debts in order to resolve any financial concerns with regard to his clearance. He made this decision before issuance of the SOR. (Tr. 19-20, 41-44.)

One of the first things Applicant did was to completely pay off a large personal loan with FLA that had an exorbitant interest rate of 23.99%. He owed approximately $16,000 on the debt. To pay it off he sold an automobile for $13,000. He came up with the rest of the cash and paid the debt off completely in May 2026, as confirmed by the creditor. This freed up approximately $470 a month. (Applicant Exhibits H, I, and L; Tr. 16-17, 44-46.)

Several other things happened that also provided Applicant with additional income. As stated, he is a medically discharged veteran. Originally his disability rating was 60%. After recent surgery connected to his original injuries his disability rating increased to 100% effective August 2025. This increased his monthly disability payments to over $4,000 a month. (Applicant Exhibit C.) This disability rating has had other effects. It allowed Applicant to put his family on a government program called CHAMPVA. This is a cost-sharing program that allowed Applicant to save on health insurance, as shown in his pay stubs between February and March 2026. This saves him approximately $1,000 a month. (Applicant Exhibit B.)[1] In addition, his state tax code states that veterans who are 100% disabled are totally exempt from paying property taxes. (Applicant Exhibit D at 1.) He provided this information to his mortgage company, and they reduced his monthly payments by $800 a month since they were no longer having to collect his property tax. (Applicant Exhibit D at 2.)

Applicant testified that he believes he now has an extra $4,000 a month to use to pay down these debts. He submitted a budget confirming that and setting forth his payment plans. He and his wife made an active decision to forego any lifestyle changes and use this money to pay off all of his past-due debts in a responsible manner over the year of 2026 so they can be debt free. The credit reports in the record show no other past-due indebtedness. (Government Exhibits 3, 4, and 5; Applicant Exhibit A; Tr. 20-22, 46-47.)

The status regarding each of the four debts is as follows:

1.a. Applicant reached an agreement with the collection agency to make monthly payments of $500 until the debt of $25,847 is paid. The written agreement was signed by Applicant on April 8, 2026. The first payment was made on May 22, 2026. Applicant credibly testified that he would increase his monthly payments as the year continues. This debt is being resolved. (Tr. 22, 28-33; Applicant Exhibits E and K.)

1.b. Applicant has not yet resolved this debt. However, now that the debts in SOR allegations 1.c and 1.d have been paid, he intends to present this creditor with a lump-sum payment on or about July 1, 2026. He has this ability due to the increase in his finances discussed above. This debt has not been resolved, but Applicant has a plan to resolve it. (Tr. 22, 33-36; Applicant Exhibits A, B, C, and D.)

[1] U.S. Department of Veterans Affairs, *CHAMPVA Benefits,* https://www.va.gov/family-and-caregiver-benefits/health-and-disability/champva/ (last updated May 12, 2026).

1.c. Applicant admitted owing a collection agency $1,185 for a past-due debt. He paid this debt in full for less than full balance on May 4, 2026, as confirmed by documentation from the creditor. This debt is resolved. (Tr. 36-38; Applicant Exhibit F.)

1.d. Applicant admitted owing a collection agency $1,785 for a past-due debt. He paid this debt in full for less than full balance on June 5, 2026, as confirmed by documentation from the creditor. This debt is resolved. (Tr. 38-40; Applicant Exhibits G and M.)

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 two conditions that could raise security concerns and may be disqualifying in this case:

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

Applicant was alleged to have four delinquent debts totaling approximately $32,787 that he had not paid. AG ¶¶ 19(a) and (c) apply. The burden thereby shifts to Applicant to mitigate the adverse inference of his delinquent debts.

The guideline includes four 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; and

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

Applicant had financial issues for several years. While his father's illness and death contributed to his indebtedness, Applicant admitted that he was responsible for his failure to resolve his debts. Starting in 2025 he began to put his financial house in order. He sold an automobile to obtain funds to resolve a long-standing and costly loan. After that several lifestyle events occurred that increased his finances considerably. These lifestyle events, that resulted in additional monies per month, were documented by Applicant in his exhibits. Based on his increased earnings he paid off two of the debts in the SOR, made acceptable payment arrangements with his largest creditor, and credibly testified as to how he would resolve the remaining debt in one payment. AG ¶¶ 20(a), (b), and (d) apply to those debts.

In support of these findings, I cite the Appeal Board's decision in ISCR Case No. 07-06482 at 3 (App. Bd. May 21, 2008) for the proposition that the adjudicative guidelines do not require that an applicant be debt-free. The Board's guidance for adjudications in cases such as this is the following:

> . . . an applicant is not required, as a matter of law, to establish that he has paid off each and every debt listed in the SOR. All that is required is that an applicant demonstrate that he has established a plan to resolve his financial problems and taken significant actions to implement that plan. The Judge can reasonably consider the entirety of an applicant's financial situation and his actions in evaluating the extent to which that applicant's plan for the reduction of his outstanding indebtedness is credible and realistic. There is no requirement that a plan provide for payments on all outstanding debts simultaneously. Rather, a reasonable plan (and concomitant conduct) may provide for the payments of such debts one at a time. (Internal citations and quotation marks omitted.)

Applicant made a plan to resolve his debts prior to issuance of the SOR and, because of lifestyle events and changes, he is able to follow his plan. Applicant well knows that failure to continue with his planned payments will put his clearance in immediate jeopardy. I have specifically considered the brief span of time in which Applicant has begun to resolve his debts. He documented the events that increased his monthly income during this year, obviating any potential problem. Based on all of the available evidence, Applicant has 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 has fully mitigated the security concerns of his financial conduct. As stated elsewhere in this decision, and supported by the evidence, Applicant is a talented and successful person who works hard at his job. He has resolved, or is resolving, his financial situation. Such financial difficulties will not occur in the future. His conduct has earned him the privilege of being granted national security eligibility. Paragraph 1 is found for 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:	FOR APPLICANT
Subparagraphs 1.a through 1.d:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is 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 granted.

WILFORD H. ROSS
Administrative Judge