



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



In the matter of:)
)
) ISCR Case No. 25-01043
)
Applicant for Security Clearance)

Appearances

For Government: Karen A. Moreno-Sayles, Esq., Department Counsel
For Applicant: *Pro se*

08/12/2026

Decision

HALE, Charles C., Administrative Judge:

Applicant did not provide sufficient information to mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on May 1, 2024. On October 7, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F (Financial Considerations) and Guideline H (Drug Involvement and Substance Abuse). The DCSA acted under Executive Order (Exec. Or.) 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) promulgated in Security Executive Agent Directive 4, National Security Adjudicative Guidelines (December 10, 2016).

Applicant answered the SOR on January 6, 2026, and requested a decision on the written record without a hearing. Department Counsel submitted the Government's written case on April 24, 2026. A complete copy of the file of relevant material (FORM) was sent to Applicant on May 6, 2026, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the Government's evidence. Applicant did not submit anything. The case was assigned to me on August 4, 2026.

The SOR and the Answer (Items 1 and 2) are the pleadings in the case. FORM Items 3 through 8 are admitted into evidence without objection.

Findings of Fact

In Applicant's Answer to the SOR he admitted all 11 allegations under Guideline F and the sole allegation under Guideline H. His admissions are incorporated in my findings of fact.

Applicant is 43 years old. He is unmarried and has no children. (Item 3 at 26; Item 5 at 3.) He graduated from high school in 2002. He has never held a security clearance. He worked for a major retailer from July 2004 until September 2022 as replenishment driver and also held a second job from October 2016 to August 2020. Since March 2023 he has been working as shop worker. (Item 3 at 10-13.) He voluntarily left his longtime employer to become an online retailer. (Item 4 at 9.)

Applicant admits all 11 debts totaling over \$80,000, which are supported by credit reports. (Items 6-8.) In his Answer he states:

I admit the financial allegations listed in the Statement of Reasons.

The debts identified were incurred during a period of financial hardship prior to achieving stable employment. These debts were not the result of reckless, irresponsible, or luxury spending, but rather basic living expenses necessary to sustain myself during that time. Since then, I have taken responsible and corrective action to address my financial situation. I have retained legal counsel and am actively addressing these matters through bankruptcy proceedings. Additionally, I have entered into a formal payment plan with the Internal Revenue Service to resolve my outstanding federal tax obligation. My financial situation has stabilized significantly. I now understand the importance of financial responsibility and compliance, and I am committed to meeting all current and future financial obligations in a timely and responsible manner. (Answer.)

In response to Government interrogatories, he wrote:

I took a leap of faith back in 2020 to start my own business on [an online marketplace], it was doing really well until my shop got shutdown by [the online marketplace] for not meeting their policy standards. That's when everything started to go downhill for me. During this time, I kept paying all my bills, I prioritized basic living expenses and the essentials, but despite my efforts, I was unable to maintain my credit accounts and the job that I had a[t] the moment was barely enough to pay my rent (my dad has been helping me all [these] years). This situation was not due [to] unwillingness but rather unforeseen financial challenges beyond my control. I was hoping to be able to sell my craft in other websites[,] but it was unsuccessful. When

it comes to my taxes[,] I had the money to pay the amount due but then I would have not be able to pay my rent and a[t] that time I did not qualify for a payment plan. I am currently working with a lawyer to file for bankruptcy, [...] because even now that I'm getting paid a little bit more in my current job is not enough to get myself out of this situation. I started a payment plan this year for my taxes and you might see 1 or 2 missed payments and the reason for this is that since I paid my lawyer, I was short on money for the payments, but I have already made the payments for these months.

I understood that trying to grow a business was a significant risk and it was a mistake not to separate myself from the business, but I took that step with the belief that the potential reward was worth it. Even though the venture did not succeed as planned, the experience helped shape who I'm today, someone who is unafraid to take responsibility for difficult decisions. Throughout this time, I will continue[] to uphold honesty, transparency and personal integrity. I will fully cooperate in all required disclosures and processes. I firmly believe that my financial situation does not reflect on my loyalty, reliability or trustworthiness. I remain committed to the responsibilities of any position of trust and national security. (Item at 5 at 9.)

Applicant did not list any debts on his SCA. He discussed his financial situation during his security clearance interview. (Item 4 at 8-10.) In response to Government interrogatories, he marked the debts listed in the interrogatories as not paid. He did not offer any supporting evidence of actions he had taken to resolve his debts. (Item 5 at 5-7.) He did not offer any further information about the bankruptcy filing that he referenced in his interrogatory response. (Item 4 at 2; Item 5 at 9.) With respect to SOR ¶ 1.k, his \$10,347 Federal tax debt, Applicant provided a tax transcript for tax year 2022 showing he made payments to the IRS in the amount of \$118 in 2025. However, at least two of those payments were listed as "dishonored." (Item 5 at 18-19.)

SOR ¶ 2.a alleged that from around January 2018 to around September 2023, Applicant used marijuana. In his Answer Applicant stated:

I admit the allegation regarding past marijuana use.

The marijuana use occurred in the past and has fully ceased. I understand that such behavior is incompatible with holding a security clearance or a position of public trust. I affirm my commitment to remain drug-free and in full compliance with all applicable laws, rules, and regulations.

Applicant disclosed his use on his SCA; discussed it with the investigator during his security clearance interview; and disclosed his window of use in his response Government interrogatories, which included affirmation that he had "no intent for future[] use." His justification for his marijuana use, as a sleep aid, was unsupported by any medical documentation. He stated he stopped because the marijuana was making him more tired in the morning." (Item 3 at 32; Item 4 at 4-5, 8.)

Policies

“[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 security 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. 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 a person might knowingly compromise classified information to raise money. It encompasses concerns about a person's self-control, judgment, and other qualities essential to protecting classified information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Applicant's admissions and the Government's documentary evidence establish 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 under AG ¶ 20 are relevant:

(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;

(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.

AG ¶ 20(a) is not established. Applicant's delinquent debts are recent, numerous and ongoing. The evidence provided is insufficient to extenuate or mitigate the facts established by the Government. He has not met his burden of proving this mitigating condition to show his current reliability, trustworthiness, or good judgment.

AG ¶¶ 20(b) and 20(d) are not established. Applicant's business failure would qualify as circumstance beyond his control, but he has offered insufficient evidence that he acted responsibly under the circumstances. Aside from evidence of a few successful payments on his Federal tax debt, he did not establish that he was adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; that he maintained contact with his creditors; that he attempted to establish payment plans with them; file for bankruptcy; or dispute the debts.

AG ¶ 20(g) is not established for SOR ¶ 1.k. Applicant offered insufficient evidence he was in compliance with any arrangements with the IRS to pay the amount owed.

Guideline H, Drug Involvement and Substance Misuse

The concern under this guideline is set out in AG ¶ 24:

The illegal use of controlled substances, to include the misuse of prescription and non-prescription drugs, and the use of other substances that cause physical or mental impairment or are used in a manner inconsistent with their intended purpose can raise questions about an individual's reliability and trustworthiness, both because such behavior may lead to physical or psychological impairment and because it raises questions about a person's ability or willingness to comply with laws, rules, and regulations. *Controlled substance* means any "controlled substance" as defined in 21 U.S.C. 802. *Substance misuse* is the generic term adopted in this guideline to describe any of the behaviors listed above.

Applicant's admissions in his SCA and Answer are sufficient to raise the following disqualifying conditions under this guideline:

AG ¶ 25(a): any substance misuse (see above definition);

AG ¶ 25(c): illegal possession of a controlled substance, including cultivation, processing, manufacture, purchase, sale, or distribution; or possession of drug paraphernalia; and

AG ¶ 25(f): any illegal drug use while granted access to classified information or holding a sensitive position.

The following mitigating conditions are potentially applicable:

AG ¶ 26(a): the behavior happened so long ago, was so infrequent, or happened under such circumstances that it is unlikely to recur or does not cast doubt on the individual's current reliability, trustworthiness, or good judgment; and

AG ¶ 26(b): the individual acknowledges his or her drug involvement and substance misuse, provides evidence of actions taken to overcome this problem, and has established a pattern of abstinence, including but not limited to: (1) disassociation from drug-using associates and contacts; (2) changing or avoiding the environment where drugs were used; and (3) providing a signed statement of intent to abstain from all drug involvement and substance misuse, acknowledging that any future involvement or misuse is grounds for revocation of national security eligibility.

Applicant acknowledges his past actions and voluntarily disclosed those actions on his SCA. His statement of intent to abstain from future drug use in his Answer is credible because of the voluntary nature of his disclosure, which would never have been known by the Government but for his disclosure, and his almost three years of abstinence since his last use of marijuana. See ISCR Case No. 23-01207 (App. Bd. Mar. 25, 2024); ISCR Case No. 22-00657 at 4 (App. Bd. Apr. 18, 2023). AG ¶¶ 26(a) and 26(b) are established for SOR ¶ 2.a.

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 Guidelines F and H in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). Because Applicant requested a determination on the record without a hearing, I had no opportunity to evaluate his credibility and sincerity based on demeanor. See ISCR Case No. 01-12350 at 3-4 (App. Bd. Jul. 23, 2003). While Applicant has mitigated the Guideline H security concerns, after weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the Guideline F, financial considerations security concerns with regard to his debts.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for award of a security clearance in the future. With more effort towards establishing a track record of paying or resolving his debts, he may well be able to demonstrate persuasive evidence of his eligibility and suitability for a security clearance.

After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant did not mitigate the financial considerations security concerns.

Formal Findings

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a-1.k:	Against Applicant
Paragraph 2, Guideline H:	FOR APPLICANT
Subparagraph 2.a:	For Applicant

Conclusion

In light of all of the circumstances, it is not clearly consistent with the interests of national security to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Charles C. Hale
Administrative Judge