DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:)
)
) ISCR Case No. 26-00385
)
Applicant for Security Clearance)

Appearances

For Government: Sakeena Farhath, Esq., Department Counsel
For Applicant: *Pro Se*

09/09/2026

Decision

HOGAN, Erin C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on August 5, 2025. (GE 3) On May 24, 2026, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DCSA acted under Executive Order (EO) 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.

Applicant timely answered the SOR and requested a decision based on the written record in lieu of a hearing. On June 29, 2026, the Government sent Applicant a complete copy of its written case, a file of relevant material (FORM), including pleadings and evidentiary documents identified as Items 1 through 8. He was given an opportunity to submit a documentary response setting forth objections, rebuttal, extenuation, mitigation, or explanation to the Government's evidence. He was given 30 days to submit a response to the FORM. He did not submit a response to the FORM. The case was forwarded to the

Defense Office of Hearings and Appeals (DOHA) Hearing Office on August 27, 2026, and assigned to me on September 3, 2026.

Evidentiary Matters

Items 1 and 2 contain the pleadings in the case and are part of the record. Items 3 through 8 are admitted into evidence without objection as Government Exhibits (GE) 3 – 8.

Some details in the decision were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits.

Findings of Fact

Applicant, age 42, is an employee of a government contractor since May 2022 and is seeking a security clearance. He is married and has two children, ages 16 and 12, and a stepson, age 20. (Item 3)

The SOR alleged five delinquent debts with a total approximate balance of $44,006. The debts include:

SOR ¶ 1.a: a $12,332 delinquent student loan account that was placed for collection. (GE 4 at 3; GE 5 at 2);

SOR ¶ 1.b: a $9,015 delinquent student loan account that was placed for collection. (GE 4 at 4; GE 5 at 2);

SOR ¶ 1.c: a $10,385 delinquent credit card account that was charged off. (GE 4 at 4; Item 5 at 2)

SOR ¶ 1.d: a $6,856 delinquent credit card account that was charged off. (GE 4 at 4; GE 5 at 3); and

SOR ¶ 1.e: a $5,418 delinquent credit card account that was placed for collection. (Item 4 at 6; Item 5 at 5).

In his answer to the SOR, Applicant admitted the debts alleged in SOR ¶¶ 1.a – 1.d. He denied the debt alleged in SOR ¶ 1.e because he does not recognize it. He sent a letter to the company requesting verification of the debt.

The debts alleged in SOR ¶¶ 1.a and 1.b are delinquent student loan accounts. Both are more than 20 years old. The total balance on the student loans is approximately $21,347. Applicant indicates that he did not fully understand the student loan paperwork when he signed it. When he was in college, his mother had an aneurysm. He had to take care of her and his younger brother. Later, he was sole provider for his wife and children for many years. He is not denying the loans are his but indicates that he has not always had the money to pay them back. (Answer to SOR)

Applicant used the credit cards alleged in SOR ¶¶ 1.c and 1.d for living expenses. He admits he lost track of payments and forgot about both credit cards. He denies the debt alleged in SOR ¶ 1.e and mentioned that he contacted the company to seek proof that the debt is his. (Answer to SOR) The most recent credit report in the case file, dated June 29, 2026, indicates all five debts alleged in the SOR remain delinquent. (GE 5)

Applicant's financial problems were caused by being furloughed and being the sole provider for his wife and family. His SCA indicates that he was unemployed between November 2021 and May 2022. (Answer to SOR; GE 3 at 9) During a background investigation interview on January 21, 2026, Applicant provided his household financial information. His total combined monthly income was approximately $7,600 and his total monthly expenses were $5,843. He and his wife had a net remainder of $1,757 each month. This may be reduced during the summer months, because his wife does not work during the summer. (GE 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." (*Egan* 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." (EO 10865 § 2)

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the AG. 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.” (EO 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. (*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. 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. (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; AG ¶ 2(b))

Analysis

Guideline F: Financial Considerations

The concern under this guideline is set out in AG ¶ 19:

> 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, 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.

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. (ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012)).

AG ¶ 19 notes several disqualifying conditions that could raise security concerns. The disqualifying conditions that are relevant to Applicant's case are:

(a) inability to satisfy debts; and

(c) a history of not meeting financial obligations.

AG ¶ 19(a) and ¶ 19(c) apply. Applicant has a history of incurring delinquent debt. He incurred five delinquent debts, totaling $44,006.

AG ¶ 20 describes conditions that could mitigate security concerns. The following are potentially applicable in this case:

> (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 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
>
> (e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue.

AG ¶ 20(a) does not apply because Applicant's financial issues are ongoing. At the close of the record, his delinquent accounts remained unresolved.

AG ¶ 20(b) partially applies because circumstances beyond Applicant's control adversely affected his financial situation, which included his mother's serious health issues when he was in college and past periods of unemployment. This mitigating condition is given less weight because Applicant did not demonstrate that he acted responsibly under the circumstances. His two student loan accounts, which are alleged in SOR ¶¶ 1.a and 1.b, are more than 20 years old and remain unresolved. He also neglected to pay the remaining delinquent credit card accounts.

None of the remaining mitigating conditions apply. Applicant provided no documentation about the status of any of the delinquent debts alleged in the SOR. He provided no proof that any payments were made towards any of the debts, such as receipts from the creditor, copies of bank statements, or cancelled checks. An expressed intention to resolve one's accounts in the future does not demonstrate a good-faith basis to resolve one's debts. There is no indication that he has received financial counseling. He provided no documentation regarding his attempts to dispute the debt alleged in SOR ¶ 1.e. Overall, Applicant failed to meet his burden of proof to mitigate the concerns raised under Financial Considerations.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether the granting or continuing of national security eligibility is clearly consistent with the interests of national security must be an overall commonsense judgment based upon careful consideration of the adjudicative guidelines, each of which is to be evaluated in the context of the whole person. 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 I have considered the factors in AG ¶ 2(d). 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 did not mitigate the security concerns raised under the financial considerations guideline.

Formal Findings

Formal findings 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 – 1.e:	Against Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Clearance is denied.

Erin C. Hogan
Administrative Judge