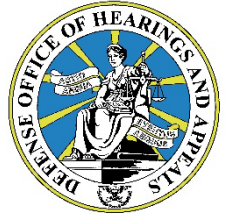




DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS



In the matter of:

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ISCR Case No. 26-00171

Applicant for Security Clearance

Appearances

For Government:
Tovah Minster, Esq., Department Counsel

For Applicant:
Pro se

09/10/2026

Decision

NAGEL, JEFF A., Administrative Judge:

Applicant mitigated the security concerns under Guideline B (Foreign Influence) but did not mitigate the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

On August 5, 2025, Applicant submitted a Questionnaire for National Security Positions (Questionnaire). On February 27, 2026, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (Financial Considerations) and Guideline B (Foreign Influence). The action was taken 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) effective within DoD after June 8, 2017.

On or about April 5, 2026, Applicant responded to the SOR in writing (Answer) and requested that this case be decided on the written record in lieu of a hearing. In his Answer, he admitted to all the allegations under Guideline F and the sole allegation under Guideline B. Additionally, he provided a detailed memo concerning the allegations and a document from the U.S. Department of Veteran Affairs (VA), which were marked as Applicant Exhibits (AE) A and B respectively.

On May 27, 2026, Department Counsel submitted the Government's written case in a File of Relevant Material (FORM), included in which was a request for administrative notice concerning Mexico.

A complete copy of the FORM, consisting of Government's Exhibits (GE) 1 to 8, the Administrative Notice, and the Government's arguments in support of the SOR, was received by Applicant on June 16, 2026. He was afforded an opportunity to answer the SOR, as well as file objections and submit material to refute, extenuate, or mitigate the security concerns. Upon request he submitted or resubmitted Applicant Exhibits (AE) A through D (Response). AE A is a screenshot from a current credit report; AE B is a payment report; AE C is the VA decision letter; and AE D is correspondence from Langly, one of his creditors. All exhibits were admitted into evidence. The case was assigned to me on August 17, 2026.

Department Counsel requested that I take administrative notice of certain facts with respect to Mexico and provided a seven-page summary of the facts, supported by 14 government documents. Without objection, I have taken administrative notice of the facts contained in the request. The facts are summarized in the written request and will not be repeated verbatim in this decision.

Findings of Fact

Applicant is a 30-year-old high school graduate who is currently enrolled online with a university working on his bachelor's degree. He is married with no children. Applicant has been employed by a defense contractor since January 2025 and applied for a security clearance in connection with this employment. He was previously granted a secret clearance in 2020 during his service in the Navy. Applicant was a highly decorated sailor who was deployed as part of a naval strike group. He is receiving VA disability compensation, and his father was declared as a dependent by the VA. Applicant receives over \$4,500 a month from the VA. (GE 2 and 3, AE C)

SOR Paragraph 1 (Guideline F: Financial Considerations)

The SOR alleges that Applicant is indebted to five creditors on consumer accounts that have been charged off in the approximate amount of \$91,000. Applicant attributes his financial hardship to various reasons to include military driven relocations, loss of employment when he had to provide childcare, and delayed access to his VA benefits. (GE's 5, 6, 7; Answer)

1a. Applicant admitted he was indebted to a creditor on an auto loan that has been charged off in the approximate amount of \$46,724. Applicant's car was stolen, but his insurance company denied his claim. When he found out about the denial he filed a claim against them with the Better Business Bureau. Prior to his car being stolen Applicant was up to date with his payments. However, since then Applicant has taken no action on this account. It may have fallen of his credit report but that is different than Applicant paying off or paying on it. (GEs 4-7, Answer)

1b. Applicant admitted he is indebted on an account that has been charged off in the approximate amount of \$22,606. Applicant has a repayment plan in place and is paying \$305 dollars towards this debt. (GEs 4-7, Answer)

1c. Applicant admitted he is indebted on a credit card account that has been charged off in the approximate amount of \$16,442. Applicant has taken no action on this account. It may be "closed" but that is different than Applicant paying off or paying on it vis-a-vis the security clearance concerns. (GEs 4-7, Answer)

1d. Applicant admitted he is indebted on a credit card account that has been charged off in the approximate amount of \$4,777. Applicant has taken no action on this account. It may be "closed" but that is different than Applicant paying off or paying on it vis-a-vis the security clearance concerns. (GEs 4-7, Answer)

1e. Applicant admitted he was indebted to a creditor on an account that has been charged off in the approximate amount of \$828. Applicant has taken no action on this account. It may have fallen of his credit report but that is different than Applicant paying off or paying on it. (GEs 4-7, Answer)

SOR Paragraph 2 (Guideline B: Foreign Influence)

On his security clearance application, which he certified in August of 2024, Applicant listed under Section 18 (Relatives), that his father is a citizen of Mexico. In his Answer, he stated his father did not have the financial means to support him and was not involved in his life. Only over the last five years has he had regular contact with his father. Applicant also stated his father first started living in the United States when he was four years old and spent much of his life in the U.S. His father went to a high school in Southern California and is a VA dependent of his. Applicant testified he added his father as a dependent so he could receive medical benefits. (GE 2, Answer)

Policies

When evaluating an applicant's suitability for national security eligibility, 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

SOR 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.

The facts of this case establish the following disqualifying conditions set forth in AG ¶ 19 to the allegations under Guideline F:

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

The burden therefore shifts to Applicant to mitigate security concerns under Guideline F. The guideline includes the following conditions in AG ¶ 20 that can mitigate security concerns arising from Applicant's financial history:

- (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 suffered financial setbacks due to his and his wife's military relocations, loss of employment when he had to provide childcare, and delayed access to his VA benefits. However, he is only actively paying one of his debts stating that the others have either fallen off his credit report or are closed. I am unable to find that he has made a good-faith effort to pay his debts or acted reasonably and responsibly. Accordingly, he has failed to establish full mitigation. His financial issues began years ago and are ongoing. Appellant's debts continue to cast doubt on his current reliability, trustworthiness, and good judgment. None of the mitigating conditions by themselves or considered together are sufficiently applicable to mitigate the security concerns.

Guideline B, Foreign Influence

The security concern for foreign influence is set out in AG ¶ 6:

Foreign contacts and interests, including, but not limited to, business, financial, and property interests, are a national security concern if they result in divided allegiance. They may also be a national security concern if they create circumstances in which the individual may be manipulated or induced to help a foreign person, group, organization, or government in a way inconsistent with U.S. interests or otherwise made vulnerable to pressure or coercion by any foreign interest. Assessment of foreign contacts and interests should consider the country in which the foreign contact or interest is located, including, but not limited to, considerations such as whether it is known to target U.S. citizens to obtain classified or sensitive information or is associated with a risk of terrorism.

The guideline notes several conditions that could raise security concerns under AG ¶ 7. The following are potentially applicable in this case:

- (a) contact, regardless of method, with a foreign family member, business or professional associate, friend, or other person who is a citizen of or resident in a foreign country if that contact creates a heightened risk of foreign exploitation, inducement, manipulation, pressure, or coercion; and
- (b) connections to a foreign person, group, government, or country that create a potential conflict of interest between the individual's obligation to protect classified or sensitive information or technology and the individual's desire to help a foreign person, group, or country by providing that information or technology

The facts of this case establish both disqualifying conditions cited above, and the burden therefore shifts to Applicant to mitigate security concerns under Guideline B.

Conditions that could mitigate foreign influence security concerns are provided under AG ¶ 8. The following are potentially applicable:

- (a) the nature of the relationships with foreign persons, the country in which these persons are located, or the positions or activities of those persons in that country are such that it is unlikely the individual will be placed in a position of having to choose between the interests of a foreign individual, group, organization, or government and the interests of the United States; and
- (b) there is no conflict of interest, either because the individual's sense of loyalty or obligation to the foreign person, or allegiance to the group,

government, or country is so minimal, or the individual has such deep and longstanding relationships and loyalties in the United States, that the individual can be expected to resolve any conflict of interest in favor of the U.S. interest.

Applicant's father did not have the financial means to support him and while Applicant was a minor, he was not involved in his life. Only over the last five years has Applicant had regular contact with him. Applicant's relationship with his father is limited, based on medical needs and fully transparent. Based on the developed record of evidence in this case, and considering Applicant's stellar military service, as well as his VA disability, I find he would resolve all potential conflicts in favor of the United States. It is unlikely he will be placed in a position of having to choose between the interests of a foreign individual, group, organization, or government and the interests of the United States. Even by chance if that were to happen, I find he would choose the country of his birth, residence, and with which he bravely served. AG ¶¶ 8(a) and 8(b) are applicable.

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 above whole-person factors and the potentially disqualifying and mitigating conditions in light of all pertinent facts and circumstances surrounding this case. I have also given the appropriate weight to Applicant's statements in his Answer, Response, and his exemplary military service. I have no doubt concerning the Guideline B issues. However, the Guideline F issues in the record evidence leave me with questions and doubts as to Applicant's suitability for national security eligibility and a security clearance.

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:	AGAINST APPLICANT
Subparagraph 1.a:	Against Applicant
Subparagraph 1.b:	For Applicant
Subparagraphs 1.c-1.e:	Against Applicant
Paragraph 2, Guideline B:	FOR APPLICANT
Subparagraph 2.a:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is not clearly consistent with the interests of national security to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

JEFF A. NAGEL
Administrative Judge