DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

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| In the matter of: | ) | |
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| | ) | ISCR Case No. 25-01037 |
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| Applicant for Security Clearance | ) | |

**Appearances**

For Government: Troy Nussbaum, Esq., Department Counsel
For Applicant: *Pro se*

09/08/2026

**Decision**

LOKEY ANDERSON, Darlene D., Administrative Judge:

**Statement of Case**

On June 1, 2024, Applicant submitted a security clearance application (e-QIP). On August 20, 2025, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCAS CAS) issued Applicant a Statement of Reasons (SOR), detailing security concerns under Guideline F, Financial Considerations. The action was taken under Executive Order 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 *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AG), effective within the DoD after June 8, 2017.

Applicant answered the SOR on September 7, 2025, and requested a hearing before an administrative judge. The case was assigned to me on November 13, 2025. The Defense Office of Hearings and Appeals issued a notice of hearing on January 6, 2026, and the hearing was convened as scheduled on March 11, 2026. The Government offered three exhibits, referred to as Government Exhibits 1 through 3, which were admitted without objection. Applicant offered no exhibits, and he testified on his own behalf. The record remained open following the hearing to allow the Applicant the opportunity to submit supporting documentation. Applicant submitted six Post-Hearing Exhibits, referred to as Applicant's Post-Hearing Exhibits A through F, which were admitted without objection. DOHA received the final transcript of the hearing (Tr.) on August 17, 2026.

## Findings of Fact

Applicant is 28 years old. He has never been married and has no children. He resides with his girlfriend. He has a high school diploma. He holds the position of Munition Handler with a defense contractor. He is seeking to retain his security clearance in connection with his employment.

### Guideline F - Financial Considerations

The Government alleged that Applicant is ineligible for a clearance because he made financial decisions that indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which raise questions about his reliability, trustworthiness and ability to protect classified information.

The SOR alleged that Applicant is indebted to a creditor for two medical accounts totaling approximately $130,000. In his answer, Applicant admits both of the allegations set forth in the SOR. Credit reports of the Applicant dated June 27, 2024; and August 4, 2025, confirm the debts listed in the SOR. (Government Exhibit 2 and 3.)

Applicant started working for his current employer in 2016. He applied for and was granted a security clearance in 2020. He completed another security clearance application in June 2024. (Government Exhibit 1.)

Applicant explained that in early 2020, at the beginning of Covid, he experienced a life-threatening medical emergency. He was experiencing chest pains, and he called his mother to take him to the hospital. He was diagnosed with a Pulmonary Embolism. (Applicant's Post-Hearing Exhibit B.) He explained that this was described to him as blood clots in the lungs. Due to the severity of his condition, the hospital he was at was not equipped to treat his condition. Furthermore, because of the distance between his location and the surgical center where Applicant needed to go, his only option was to be care flighted by helicopter to a trauma one hospital. Applicant's physicians did not feel that he would survive an ambulance ride. Upon arriving at the trauma one hospital, Applicant underwent a surgical procedure to dissolve the blood clots. He spent five days in the hospital. While in the hospital, he was also diagnosed with Protein S Deficiency, High Blood Pressure, and Type 2 Diabetes. During his recovery from surgery, Applicant missed between four and six weeks of work and did not receive unemployment disability benefits or sick leave compensation from his employer. (Tr. pp. 16-23.)

Although he had health insurance at the time, the coverage was very limited and left him responsible for approximately $100,000 in medical bills, (those delinquent debts set forth in allegations 1.a. and 1.b. of the SOR), which was his portion of the cost of the flight to the hospital and his hospitalization. At the time, he was 22 years old, and earning less than $55,000 annually. He did not know how to properly handle a financial situation of this magnitude. He stated that he attempted to make payments toward the debt, but they were considered insufficient. The creditor wanted more money than he could afford, and the debts went into collections. He also took poor advice that the debts would fall off of his credit report after seven years, which he now understands was not the best approach. (Tr. pp. 16-17, and 31.)

In 2025, Applicant realized that he needed to resolve his debt situation properly. After reviewing the options, he chose to file for Chapter 7 Bankruptcy. He filed for bankruptcy on September 2025, which included only the two medical debts listed in the SOR. The debts were discharged in December 2025. (Applicant's Post Hearing Exhibit A.) This has allowed him to move forward with a clean financial slate. (Tr. p. 17.)

Applicant stated that other than these two accounts, he has never had a debt go into collections. He has always paid his bills on time and lived within his means. He blames himself for purchasing his medical insurance online in the market-place without understanding the importance of maintaining good and adequate insurance. Last July, he had a gastric sleeve surgery, and no longer has Type 2 diabetes. He continues to be treated for high blood pressure, and he now takes blood thinners, that he will have to take for the rest of his life to prevent a pulmonary embolism in the future. He realizes the importance of having good medical insurance. He stated that he has learned a significant lesson from this experience. He takes his finances very seriously, and maintains proper health insurance. He monitors his credit standing, and he continues to pay his bills on time. (Tr. p. 17-23.)

Applicant testified that he has never received any disciplinary actions, and his performance on the job has been consistently above average. (Tr. pp. 26-27.) His Quarterly Performance Update set forth below confirms this.

Applicant's Quarterly Performance Update from his employer reflects that he is a good performer on the job. He demonstrates a strong functional knowledge of his position; completes all assigned tasks in a timely manner; has a high level of initiative, is prompt and independent; meets and exceeds all deadlines; is a strong contributor to the team's success; places a high priority on work place safety; maintains all licenses, clearances, and certifications and attends all required training; and shows great improvement in all aspects of his position, among other positive attributes. (Applicant's Post-Hearing Exhibit C.)

A letter from Applicant's Traffic Supervisor, indicates that Applicant is hardworking, diligent, and has high moral and ethical standards. He has demonstrated an ability to become a leader, trainer, and an outstanding container inspector. Overall his character is described as, "impeccable." (Applicant's Post-Hearing Exhibit D.)

A letter from an employee who works for the Applicant, and has known him for the past four years, stated that Applicant has a strong work ethic. He describes the Applicant as responsible, respectful, dependable, and a person who always approaches his duties with a strong sense of accountability. Applicant communicates effectively, and maintains a calm demeanor even in stressful situations. He also contributes to a stable and productive work environment. (Applicant's Post-Hearing Exhibit E.)

A letter from a friend who has known the Applicant since they were children, describes the Applicant as honest, responsible, respectful, and dependable. Applicant is said to have a strong work ethic and takes his obligations seriously. He makes thoughtful decisions when it comes to his finances and his personal responsibilities. He treats others with kindness, and always tries to do the right thing even when facing difficult circumstances. He is a considered to be good person who is committed to making responsible choices. (Applicant's Post-Hearing Exhibit F.)

## Policies

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines (AG). In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's eligibility for access to classified information.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines 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 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 that "[a]ny 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. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

Under Directive ¶ E3.1.14, the government must 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." The applicant has the ultimate burden of persuasion to obtain 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 access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified information.

Section 7 of EO 10865 provides that adverse decisions shall be "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." *See also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

## Analysis

### Guideline F - Financial Considerations

The security concern for Financial Considerations 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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. Two are potentially applicable in this case:

(a) inability or unwillingness to satisfy debts; and

(c) a history of not meeting financial obligations.

Due to a medical emergency, Applicant incurred delinquent debt that he could not afford to pay. The evidence is sufficient to raise the above disqualifying conditions.

The following mitigating conditions under the Financial Considerations guideline are potentially applicable under 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;

(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), 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

(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.

Applicant's unexpected life-threatening medical emergency, without proper insurance coverage, caused him to incur two enormous medical bills that he could not afford to pay. It also caused him to miss four to six weeks of work without pay or other compensation. This experience has caused Applicant to re-evaluate his situation. He tried to pay his debts, but the creditor did not find his payments sufficient. Based on his income, his medical bills were too high and he could not afford to pay them. To properly address these debts, he filed for Chapter 7 Bankruptcy, and had them both discharged. He now pays for sufficient medical insurance that will cover any future medical emergencies. He understands that if he were to ignore his delinquent debts, they will go into collection, and then damage his credit rating. He also understands that to allow his delinquent debts to fall off of his credit report does not show good judgment. It only shows that he has avoided paying his bills, and has been irresponsible. Thus, he has learned that in order to be responsible he must pay his bills on time and live within his means. He understands that to possess a security clearance a person must demonstrate that they are responsible in every aspect of their life, including their finances. Under the circumstances he has shown the requisite good judgment and responsibility to access classified information. There is sufficient evidence in the record to show that the Applicant has carried his burden of proof to establish mitigation of the government security concerns under Guideline F.

**Whole-Person Concept**

Under the whole-person concept, the 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. 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 eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. Applicant must continue to demonstrate that he is financially responsible by living within his means and paying his bills on time. Assuming he continues to follow these conditions, he will remain eligible for access to classified information. In the event that he does not continue to make his bills a priority to resolve, his security clearance will be immediately in jeopardy.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. I conclude Applicant has mitigated the Financial Considerations security concern.

## 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:

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| Paragraph 1, Guideline F: | FOR APPLICANT |
| Subparagraphs 1.a., and 1.b. | 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 eligibility for a security clearance. Eligibility for access to classified information is granted.

Darlene Lokey Anderson
Administrative Judge