DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00133
	)	
	)	
Applicant for Security Clearance	)	
	)	

Appearances

For Government:
Jenny Bayer, Esq., Department Counsel

For Applicant:
Pro se

09/10/2026

Decision

NAGEL, Jeff A., Administrative Judge:

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

Statement of the Case

Applicant submitted a Questionnaire for National Security Positions on August 5, 2025 (Questionnaire). On February 25, 2026, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant 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; 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 March 30, 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, Applicant admitted to all the debts alleged in the SOR and included a written statement in mitigation. He also included eleven exhibits, including payment plans and receipts, that were re-labeled as Applicant Exhibits (AE) A through K. On June 24, 2026, Department Counsel submitted the Government's written case in a File of Relevant Material (FORM). A complete copy of the FORM, consisting of Government's Exhibits (GE) 1 to 14 and the Government's arguments in support of the SOR, was received by Applicant on July 6, 2026. Applicant timely responded to the FORM on July 28, 2026, with additional statements in mitigation (Response), as well as eight additional exhibits, that were re-labeled as AE L through S (Applicant's combined exhibit list is marked as Hearing Exhibit (HE) I). The case was assigned to me on September 2, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 56 years old and has four children. He and his wife married in 1999, physically separated the same year, and appear to have legally separated in 2010. Applicant filed for divorce in October 2025, with final adjudication pending. He earned a bachelor's degree in 2014 and a master's in 2016. Applicant has been employed by a defense contractor since February 2019 as an information security manager and applied for a security clearance in connection with this employment. His gross monthly salary is $13,012. Applicant's employer received a report from the DoD Continuous Vetting Program (CVP) in August 2024 with an alert that Applicant had 12 delinquent debts totaling $56,145. They received a second report in July 2025 listing 14 delinquent debts totaling $65,208. Applicant previously held a security clearance during his service in the U.S. Navy from 1990 to 2011, from which he honorably retired as a Senior Chief Petty Officer (E-8). His military retirement pay provides another $3,310 per month of income, reduced to a net monthly $724 by allotments to his spouse. (Answer; Response; GE 3 at 5, 9, 16, 18-22; GE 6; GE 7; GE 12 at 2; GE 14 at 2, 7)

SOR Paragraph 1 (Guideline F: Financial Considerations)

The Government alleged Applicant is ineligible for a security clearance because he has delinquent consumer debts totaling over $60,000. The following facts pertain:

1.a. Credit Card ONE from Bank A – Charge Off ($26,408): Applicant took out this credit card in April 2018 and per a February 2026 credit report, last paid on the account in August 2023. He averred generally that his credit card use was for "personal expenses" and became late due to his legal separation. In December 2025, Applicant told a defense investigator that he had not been contacted by the creditor and did not know the status of the debt. The creditor, however, filed suit in July 2024 and served process on Applicant the same month. The creditor then obtained a default judgment in March 2025 for the amount alleged in the SOR.

Applicant provided a March 2026 letter from the creditor's law firm that specifically referenced the judgment discussed below in SOR ¶ 1.d by case number, but did not reference the case number of the judgment alleged in SOR ¶ 1.a. The law firm letter also referenced an enclosed payment plan that Applicant did not include. Applicant provided proof of a single $350 payment ostensibly made to the law firm on March 13, 2026, but there is no evidence that it is applicable to this judgment. Applicant did not provide evidence of additional payments in his July 2026 Response. (Answer; Response; AE A; AE B; AE L; GE 6; GE 7; GE 8 at 1; GE 9 at 1; GE 10 at 2; GE 11 at 1; GE 13 at 2; GE 14 at 4)

1.b. Credit Card TWO from Bank A – Charge Off ($12,507): Applicant took out this credit card in May 2018 and per a February 2026 credit report, last paid on the account in July 2023. He averred generally that his credit card use was for "personal expenses" and became late due to his legal separation. The creditor filed suit in September 2024 and served process on Applicant the following month. The creditor obtained a default judgment in May 2025 for the amount alleged in the SOR. As discussed above in SOR ¶ 1.a, Applicant provided a March 2026 letter from the creditor's law firm that specifically referenced the judgment discussed below in SOR ¶ 1.d by case number, but again did not reference the case number of the judgment alleged in SOR ¶ 1.b. The law firm letter also referenced an enclosed payment plan that Applicant did not include. Applicant provided proof of a single $350 payment ostensibly made to the law firm on March 13, 2026, but there is no evidence that it is applicable to this judgment. Applicant did not provide evidence of additional payments in his July 2026 Response. (Answer; Response; AE A; AE B; AE L; GE 6; GE 7; GE 8 at 1; GE 9 at 1; GE 10 at 3; GE 11 at 1; GE 13 at 4-5; GE 14 at 4)

1.c. Credit Card from Bank B – Collection ($7,003): Applicant took out this credit card in July 2019 and per a February 2026 credit report, last paid on the account in October 2021. He averred generally that his credit card use was for "personal expenses" and became late due to his legal separation. The account was acquired by a debt collection service in March 2024, which then filed suit in November 2024. Process was served on Applicant in January 2025 and an agreed judgement was entered in February 2025 for $9,032. Applicant provided a screenshot of a 24-month payment plan consisting of $224.47 payments continuing through March 2028. Applicant also provided evidence of having made payments from December 2024 through November 2025. (Answer; Response; AE H; GE 4; GE 6; GE 7; GE 8 at 2; GE 9 at 1; GE 10 at 3; GE 11 at 2; GE 13 at 7-8; GE 14 at 2-3)

1.d. Credit Card THREE from Bank A – Charge Off ($5,660): Applicant took out this credit card in September 2018 and per a February 2026 credit report, last paid on the account in March 2024. He averred generally that his credit card use was for "personal expenses" and became late due to his legal separation. The creditor filed suit in June 2025 and served process on Applicant in September 2025. An agreed judgment was entered in March 2026 for the amount alleged in the SOR.

As discussed above in SOR ¶ 1.a, Applicant provided a March 2026 letter from the creditor's law firm that specifically referenced the SOR ¶ 1.d judgment by case number. The law firm letter also referenced an enclosed payment plan that Applicant did not include. Applicant provided proof of a single $350 payment ostensibly made to the law firm on March 13, 2026, but there is no evidence that it is applicable to this judgment. Applicant did not provide evidence of additional payments in his July 2026 Response. (Answer; Response; AE A; AE B; AE L; GE 6; GE 7; GE 8 at 1; GE 9 at 1; GE 10 at 3; GE 11 at 1; GE 13 at 9-11; GE 14 at 4)

1.e. Credit Card from Bank C – Collection ($2,553): Applicant took out this credit card prior to March 2024 and by May 2024 it had apparently been assigned to collection. He averred generally that his credit card use was for "personal expenses" and became late due to his legal separation. The debt collection service filed suit in May 2025 and process was served in July 2025. An agreed judgement was entered in October 2025 for $3,083. Applicant provided a screenshot of an automatic deduction monthly payment plan consisting of $103 payments continuing through an undisclosed date and showed evidence of payments from at least August 2025 through July 2026. (Answer; Response; AE I; AE J; AE P; GE 7; GE 9 at 4; GE 10 at 4; GE 11 at 2; GE 13 at 12-13; GE 14 at 3)

1.f. Credit Card from Bank D – Charge Off ($2,348): Applicant took out this credit card in April 2017 and per a February 2026 credit report, last paid on the account in December 2025. The same credit report notes Applicant was paying under a partial payment agreement, which is confirmed by the payment plan and receipts he provided. The most recent entry shows two payments of $128 remaining with the final payment scheduled for August 2026. He averred generally that his credit card use was for "personal expenses" and became late due to his legal separation. (Answer; Response; AE K; AE R; GE 7; GE 8 at 3; GE 9 at 1; GE 10 at 4; GE 11 at 1; GE 14 at 4)

1.g. Credit Card ONE from Bank E – Charge Off ($1,166): Applicant apparently took out this credit card at a sporting goods store in December 2017 and per a February 2026 credit report, last paid on the account in September 2021. He averred that this card was used solely by his spouse and provided a 1099-C form from the creditor for tax year 2025 showing cancelation of a $616.14 debt. It is not clear on the 1099-C form, however, to which of Applicant's four delinquent debts to Bank E the debt cancellation applies. There is no evidence of any payment toward this debt in the record evidence. (Answer; Response; AE F; AE S; GE 6; GE 7; GE 8 at 1; GE 9 at 1; GE 10 at 4; GE 11 at 2; GE 14 at 5)

1.h. Credit Card TWO from Bank E – Charge Off ($810): Applicant took out this credit card in December 2017 and per a February 2026 credit report, last paid on the account in July 2023. The account was charged off in November 2023. He averred that this card was used solely by his spouse and that the account was resolved in March 2026 through a negotiated settlement of $700. He provided an undated screenshot of a $700 debit withdrawal made to what appears to be a debt collection agency. (Answer;

Response; AE E; AE N; GE 6; GE 7; GE 8 at 1; GE 9 at 1; GE 10 at 5; GE 11 at 2; GE 14 at 5)

1.i. Credit Card THREE from Bank E – Charge Off ($809): Applicant took out this credit card in July 2017 to purchase tires and per a February 2026 credit report, last paid on the account in June 2023. The account was charged off in November 2023. Applicant avers the account was resolved in March 2026 through a negotiated settlement of $647.31. He provided an undated screenshot of a $647.31 debit withdrawal made to a what appears to be a debt collection agency. (Answer; Response; AE D; AE M; GE 7; GE 9 at 1; GE 10 at 5; GE 11 at 2; GE 14 at 5)

1.j. Credit Card FOUR from Bank E – Charge Off ($765): Applicant apparently took out this credit card at a sporting goods store in January 2019 and per a February 2026 credit report, last paid on the account in July 2023. In March 2026, Applicant settled the account with a debt collection agency for $515.81. (Answer; Response; AE C; GE 7; GE 9 at 1; GE 10 at 6; GE 11 at 2)

1.k. Credit Card from Bank F – Collection ($668): Applicant took out this credit card sometime prior to March 2024, at which time it was sent to collection. He averred generally that his credit card use was for "personal expenses" and became late due to his legal separation. Applicant made a payment arrangement in late 2025. In March 2026, made a final payment of $477.22, ultimately paying off the total amount due of $2,385.82. (Answer; Response; AE G; AE O; GE 9 at 4; GE 10 at 5; GE 11 at 2; GE 14 at 3)

Whole Person Evidence

The comments and explanations Applicant included in his Answer, Response, Questionnaire, and statements to the defense investigator were reviewed in their entirety. In his submissions, Applicant averred that his financial difficulties stemmed from his legal separation and "developed gradually over several years while managing significant personal and financial obligations." He explained that a few weeks after his 1999 marriage, his spouse moved back to her home state and remained there. They did not communicate often, even after Applicant moved to that state in 2017. He related that after his move, she began to make more financial demands and ultimately he filed for divorce in 2025. He did not provide any documentation from the divorce filings discussing asset and/or debt allocations between the spouses. He suggested, however, that he had "conducted a comprehensive review of his financial obligations," after which "he contacted creditors, established repayment agreements, negotiated settlements where appropriate, (and) paid several accounts in full." (Answer; Response; GE 14 at 7)

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 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 all of 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, 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.

It is well-established that a security clearance adjudication is not a proceeding aimed at collecting an applicant's debts. Rather, it is a proceeding aimed at evaluating an applicant's judgment, reliability, and trustworthiness. ISCR Case No. 22-02281 at 3 (App. Bd. Feb. 13, 2024). This is because failure to meet financial obligations may indicate unwillingness to abide by rules and regulations, thereby raising questions about an applicant's ability to protect classified information. ISCR Case No. 17-04110 at 3 (App. Bd. Sep. 26, 2019).

In this case, Applicant suggests generally that his legal separation in 2010 was the source of his financial problems but there is no evidence in the record to support the veracity of this claim. Indeed, over $44,000 of the $60,000 in total debt stems from the three Bank A credit cards he obtained in 2018 and utilized for vague "personal expenses." He claimed generally to have contacted creditors to establish repayment plans, but for the Bank A debts (SOR ¶¶ 1.a, 1.b, and 1.d) Applicant did not make payments until he was sued in civil court (this is also true for the debts listed in SOR ¶¶ 1.c and 1.e). And whether he subsequently made any payments toward the judgments reflected in SOR ¶¶ 1.a and 1.b, as discussed above the record shows a single payment of $350 in March 2026 toward the judgment listed in SOR ¶ 1.d. No evidence of additional payments toward any of these judgments was provided in Applicant's July 2026 Response. "Repayment alone does not establish mitigation," and "entry into payment plans only after lawsuits" does not establish good faith. ISCR Case No. 25-00822 at 3 (App. Bd. Jul. 8, 2026).

I also note that in addition to the debts alleged in SOR ¶¶ 1.c and 1.e not being addressed until lawsuits were filed, the debts in SOR ¶¶ 1.h, 1.i, and 1.j were not paid until after the SOR was issued – even though the first CVP report was sent out in August 2024. "The timing of debt payments is relevant in evaluating an applicant's case for mitigation, as an applicant who resolves financial problems after being placed on notice that [their] security clearance is in jeopardy may lack the judgment and self-discipline to follow rules and regulations over time or when there is no immediate threat to [their] own interests." ISCR Case No. 23-02082 at 5 (App. Bd. Jun. 23, 2026)

As a result, there is insufficient evidence for a determination that Applicant's financial problems have been resolved or will be resolved within a reasonable period. I have considered Applicant's general discussion of the personal difficulties he encountered during his legal separation and his plans to improve his financial management after his divorce becomes finalized. Only the debts listed in SOR ¶¶ 1.f, 1.g, and 1.k reflect the good-faith effort required by AG ¶ 20(d) for mitigation.

Regarding the remainder of the SOR allegations, none of the AG ¶ 20 mitigating conditions, whether reviewed separately or jointly, are sufficiently applicable to mitigate the security concerns presented by Applicant's unpaid debts. Consequently, I am unable to find that he acted reasonably or responsibly under the circumstances or that he made a good faith effort to deal with his debts. Applicant's financial issues are ongoing and continue to cast doubt on his current reliability, trustworthiness, and good judgment. SOR ¶¶ 1.a through 1.e and 1.h through 1.j are found against Applicant.

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 military service, Answer, Response, exhibits, and interview comments with a defense investigator. Because Applicant requested a determination on the written record without a hearing, I had no opportunity to question him or evaluate his credibility based on demeanor. Overall, the Guideline F issues 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
Subparagraphs 1.a through 1.e:	Against Applicant
Subparagraphs 1.f and 1.g:	For Applicant
Subparagraph 1.h through 1.j:	Against Applicant
Subparagraph 1.k:	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