DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01404
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Cynthia Ruckno, Esq., Department Counsel
For Applicant: *Pro se*

09/03/2026

Decision

HYAMS, Ross D., Administrative Judge:

Applicant failed to mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

Statement of the Case

On October 28, 2024, Applicant submitted a security clearance application (SCA). On March 20, 2026, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant answered the SOR on March 25, 2026, and requested a hearing before an administrative judge.

The case was assigned to me on June 25, 2026. The hearing was convened on July 21, 2026. Department Counsel submitted Government Exhibits (GE) 1-7, which were admitted in evidence without objection. Applicant did not submit any documentation.

Findings of Fact

The SOR alleges about $72,000 of delinquent consumer debt (¶¶ 1.a-1.u), $2,130 of state tax debt (¶ 1.x) , and failure to timely file federal and state income tax returns for 2022 (¶¶ 1.v and 1.w). In his Answer, Applicant denied SOR allegations ¶¶ 1.a-1.u, and

1.x, and admitted ¶¶ 1.v and 1.w with explanation. Based on my review of the pleadings, evidence submitted, and testimony, I make the following findings of fact.

Applicant is 39 years old. He is unmarried and has no children. He graduated high school in 2005 and has attended some college. He has worked for a government contractor as a software designer since October 2024. Prior to that job, he worked for a large corporation, for about 10 months, until July 2023. He was fired for not returning to full-time work in the office, which he thought was unfair. He was unemployed for about 15 months. (Tr. 12-15; GE 1)

During his subsequent 15-month unemployment, Applicant was able to save his house from foreclosure, but he let all his other debts become severely delinquent. He reported he was given mortgage assistance for 12 months, received unemployment, food stamps, and was provided some help from family and friends. He did not apply for any jobs outside of his industry at that time, to help cover his expenses. He stated he thought it was important to stay in his career field and earn a similar salary to what he had been earning. He claimed his mortgage assistance may have had a requirement to do this, but he provided no documentation showing that. He also did not look for jobs in other cities or states. He claimed he had submitted 3,000 job applications in his city, and there were many unemployed people in his industry at that time. (Tr. 12-28)

The SOR alleges 16 debts that were charged off, four debts that remain in collection status, and a judgment that a creditor obtained against Applicant. In his March 25, 2026 Answer to the SOR, Applicant claimed that his delinquent income tax returns were filed in November 2024, and all associated taxes had been paid in full. He also provided a letter from a financial and credit repair company that stated it was "actively engaged in negotiations and settlements efforts" on Applicant's behalf, and it was "undertaking a comprehensive credit remediation process to address several inaccurate, obsolete, and unverifiable items appearing" on Applicant's credit reports. It also stated they were "pursuing all available remedies diligently and expeditiously". (Answer; GE 3-7)

After losing his job in 2023, Applicant did not reach out to any of his creditors, aside from his mortgage lender, regarding his delinquent debt. He reported that he knew his finances were going to be an issue when he was hired for his current position in October 2024. He hired the financial and credit repair company on June 25, 2025, to help him dispute some accounts, clarify the debt balances, and eventually come up with a plan. He has paid them about $2,000 for their services. Aside from the letter in his Answer, it's unclear what services they have provided him thus far. (Tr. 15-33; GE 3)

Applicant testified that none of the debts alleged in SOR ¶¶ 1.a-1.u, totaling about $72,000, were resolved or being paid. He provided a tax account transcript showing that his 2022 federal income tax return was filed on November 25, 2024, and no balance was owed for that year (¶ 1.v). His tax account records for 2019-2021 and 2023-2024 show that these returns were timely filed and there is no balance owed. He claimed that his

2022 state taxes were now filed, and he established a payment plan for the state tax debt, but he provided no documentation (¶¶ 1.w and 1.x). (Tr. 15-28; GE 2-7)

Applicant testified that he now earns $113,000 annually and earned $183,000 with his former employer. He provided a budget from July 2025, which showed his gross income was about $110,000 annually. It showed he had about $2,300 leftover monthly, after his expenses. He has had some offers to resolve debts with lump sum payments but has not had the money to do so. He has been back to work 20 months, and it's unclear where his monthly remainder is going. (Tr. 15-33; GE 2, 3)

Policies

This case is adjudicated under Executive Order (EO) 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 adjudicative guidelines (AG), which became effective on June 8, 2017.

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. 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 the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), 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."

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 security 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 of 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.

This concern is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual's self-control, judgment, and other qualities essential to protecting classified information. An individual 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).

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

> (a) inability to satisfy debts;
>
> (c) history of not meeting financial obligations; and
>
> (f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

(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 credit 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;

(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; 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.

SOR ¶ 1.v is found for Applicant. The record shows that Applicant has now filed his 2022 federal income tax return and has no balance owed. He timely filed his two subsequent returns and has established a track record of timely filings. AG ¶ 20 (g) applies.

AG ¶ 20 (g) does not apply to either state tax allegation. Applicant did not provide documentation showing that his 2022 state taxes were filed (¶ 1.w) or that his 2020 state tax debt (¶ 1.x) was being paid. I cannot find for Applicant on these allegations without documentation substantiating his testimony.

None of the other mitigating conditions apply. Applicant testified that none of the debts in SOR ¶¶ 1.a-1.u were resolved or being paid. While he hired a financial and credit repair company to assist him, it is unclear what services they have provided. Although Applicant was fired for not returning to the office, it is unclear if this conduct was the sole reason he became unemployed. While his 15-month unemployment appears to be partially due to circumstances beyond his control, he did not provide sufficient evidence that he acted responsibly under the circumstances. His failure to pay delinquent debt is recent, not isolated, and ongoing. It cannot be found unlikely to recur. He did not provide sufficient evidence to find the problem is under control, he is adhering to a good faith effort to resolve debt, or he has a reasonable basis to dispute the legitimacy of the debts. All of this continues to cast doubt on his current reliability, trustworthiness, and judgment.

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. I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I considered his service to the government working for a government contractor. I have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility for a security clearance. I conclude that Applicant has not mitigated the financial considerations security concerns. This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for eligibility for access to classified information in the future.

Formal Findings

Formal findings for or against Applicant 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.u:	Against Applicant
Subparagraphs 1.v:	For Applicant
Subparagraphs 1.w-1.x:	Against Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Ross D. Hyams
Administrative Judge