DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	ISCR Case No. 26-00645
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Brian Farrell, Esq., Department Counsel
For Applicant: *Pro se*

08/25/2026

Decision

FOREMAN, LeRoy F., 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 security clearance application (SCA) on July 1, 2025. On May 6, 2026, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant answered the SOR on May 15, 2026, and requested a decision on the written record in lieu of a hearing. Department Counsel submitted the Government's written case on June 9, 2026. A complete copy of the file of relevant material (FORM) was sent to Applicant, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the Government's evidence. He received the FORM on June 23, 2026, and responded. The case was assigned to me on August 3, 2026.

The Government's FORM consists of the SOR (Government Exhibit (GE) 1), Applicant's answer to the SOR (Answer) (GE 2), and the documents in support of the allegations in the SOR (GE 3-7). GE 3 through 7 are admitted into evidence, without objection. Applicant's Answer and Response to the FORM (Response), attaching documents evidencing proof of payments, are admitted into evidence, without objection.

Findings of Fact

The SOR alleges under Guideline F that Applicant has 17 delinquent consumer debts totaling approximately $150,000 (SOR ¶¶ 1.a-1.p,1.r), a mortgage that is past due for approximately $100,000 (SOR ¶ 1.q), and an outstanding federal tax debt for tax year (TY) 2024 totaling approximately $8,000 (SOR ¶ 1.s). Applicant admits all of the allegations, except for SOR ¶¶ 1.d and 1.i. (GE 1; GE 2)

Applicant is 34 years old and honorably served on active duty in the United States Air Force from 2012 to 2022. He received his associate degree in 2017 and his bachelor's degree in 2021. His divorce from his ex-wife was finalized in 2024, and he married his current wife in 2025. He shares two minor children with his ex-wife. He has been employed by his current government contractor employer since 2022 and has held a security clearance since 2013. (GE 3)

Applicant avers that his financial delinquencies are a result of the financial disruption he faced during his separation and divorce. He has since set up a payment plan for his past-due federal income taxes, successfully modified his home mortgage loan, consulted with a bankruptcy attorney, and plans to file Chapter 13 bankruptcy to resolve his debts with his remaining creditors. (GE 2; Response)

Applicant denies the debts alleged in SOR ¶¶ 1.d and 1.i, because he believes they are accounts his ex-wife opened in his name without his knowledge or authorization. (GE 2; Response) In his Answer, he states he has disputed the accounts with the creditors and will provide supporting documentation once he receives guidance from the creditor. (GE 2) As of the date of his Response, the record is devoid of documented proof to substantiate the basis of the dispute or evidence of actions he has taken to resolve the issue. It is unclear if he plans to include these accounts in his eventual Chapter 13 bankruptcy filing.

SOR ¶ 1.q alleges that Applicant is past due on his mortgage account for approximately $98,000. When this financial issue first arose in 2024, Applicant listed the home for sale. After several months on the market and multiple reductions in price, the home was not sold, and the listing was ultimately withdrawn. In 2025, Applicant reached out to the creditor to modify his home loan. During the home loan modification process, he was instructed by the creditor to not make any mortgage payments. This modification process took nearly a year and resulted in his delinquent balance increasing. In May 2026, the home loan modification was approved. Applicant provided copies of the agreement along with his answer to the SOR. He intends to maintain the modified payment terms as agreed upon. (GE 2; Response)

SOR ¶ 1.s alleges that Applicant is indebted to the federal government for delinquent taxes in the approximate amount of $8,400 for TY 2024. In June 2025, Applicant established an installment agreement with the Internal Revenue Service (IRS), has since made at least eight payments of $503 towards the agreement, and his refund from TY 2025 of approximately $3,800 was applied to this debt as well. He intends to continue to honor the payment arrangements per the established installment agreement, until the debt is paid in full. (GE 2; GE 4 at 8-9)

SOR ¶ 1.r alleges that Applicant is indebted to a creditor in the approximate amount of $27,600 for the balance due on a vehicle that was repossessed. Applicant states the account was for a trailer he had purchased. He had the account set on auto-pay and forgot to update the banking information after he changed accounts. When he learned the account was delinquent in October 2024, he contacted the bank, explained the reason, and offered to bring the account current. The bank did not accept his offer, and the trailer was repossessed. The delinquent balance remains, and he plans to address it through Chapter 13 bankruptcy.

Applicant admits all the remaining debts as alleged in SOR ¶¶ 1.a-1.d, 1.e-1.h, and 1.j-1.p. He had initially consulted with a bankruptcy firm in 2024, when the issue first arose, but ultimately decided not to retain their services. He reconnected with the same firm in 2026 and retained its services to file for bankruptcy. He intends to resolve the debts through a Chapter 13 repayment plan, as determined by the bankruptcy court. (GE 2; Response) Applicant provided a copy of a June 2026 email from his bankruptcy firm confirming a meeting set in July 2026 to prepare for a court hearing. However, the record is devoid of documentary evidence of a bankruptcy filing, which debts have been or will be included in the bankruptcy, or documentation laying out a proposed repayment plan. Applicant provided a May 2026 "Certificate of Counseling," typically required of bankruptcy filers, which states, "A debt repayment plan was not prepared." (GE 2)

Policies

This case is adjudicated 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) implemented by the DOD on June 8, 2017.

"[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. *Id.* 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." Exec. Or. 10865 § 2.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. 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." Exec. Or. 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. *See 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. *See* 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. *See* 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.

Analysis

Guideline F, Financial Considerations

The concern under this guideline 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.

Applicant's admissions and the evidence in the FORM establish the following disqualifying conditions under this guideline:

> AG ¶ 19(a): inability to satisfy debts;
>
> AG ¶ 19(c): a history of not meeting financial obligations; and
>
> AG ¶ 19(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.

The following mitigating conditions are potentially applicable:

> 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;
>
> AG ¶ 20(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;
>
> AG ¶ 20(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;

> AG ¶ 20(d): the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; and
>
> AG ¶ 20(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
>
> AG ¶ 20(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.

Applicant bears the burdens of production and persuasion in mitigation. Applicants are not held to a standard of perfection in their debt-resolution efforts or required to be debt-free. "Rather, all that is required is than an applicant act responsibly given his circumstances and develop a reasonable plan for repayment, accompanied by 'concomitant conduct,' that is, actions which evidence a serious intent to effectuate the plan." ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017). *See*, *e.g.*, ISCR Case No. 13-00987 at 3 n.5 (App. Bd. Aug. 14, 2014).

Mitigation is established for the debts alleged in SOR ¶¶ 1.q and 1.s. AG ¶ 20(b) applies because the conditions that resulted in the financial problem were largely beyond Applicant's control and he took responsible and meaningful steps to address these debts at the time. AG ¶ 20(d) applies because Applicant initiated and is adhering to a good-faith effort to repay the debts. Lastly, AG ¶ 20(g) applies to the debt in SOR ¶ 1.s because Applicant entered into an installment agreement with the IRS to pay the amount owed and is in compliance with the arrangement.

Mitigation is not established for the remaining SOR allegations. Although the evidence supports a finding that circumstances beyond Applicant's control may have contributed to his financial hardship, such a finding alone is insufficient to mitigate the concerns. He has failed to establish that he took responsible action at the time or that he is financially stable now. Although he asserts that he plans to file for bankruptcy and hopes to resolve the debts via a Chapter 13 bankruptcy repayment plan, the record is devoid of evidence of actual filing or certification of a repayment plan. The certificate of counseling he submitted indicates no repayment plan was prepared. Even if Applicant has filed for bankruptcy and is currently in the process of working with a bankruptcy trustee to create a repayment plan for the court to certify, application of AG ¶¶ 20(c) or (d) is premature. As for the debts he denies AG ¶ 20(e) does not apply because he failed to provide documented proof of the basis of the dispute or evidence of actions taken to resolve the issue. Applicant's unresolved debts and current financial condition continue to cast doubt on his security worthiness.

Whole-Person Concept

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. In applying the whole-person concept, an 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. 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 applied the adjudicative factors in AG ¶ 2(d). Because Applicant requested a determination on the record without a hearing, I had no opportunity to evaluate his credibility and sincerity based on demeanor. *See* ISCR Case No. 01-12350 at 3-4 (App. Bd. Jul. 23, 2003). Applicant deserves credit for his years of dedicated service to the United States and his continued commitment to resolving his outstanding financial issues. However, the reasons for denial of Applicant's access to classified information are more persuasive at this time. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concerns raised under Guideline F (Financial Considerations).

This decision should not be construed as a determination that Applicant cannot or will not attain the state of financial stability necessary to be eligible for a security clearance. The determination of an individual's eligibility and suitability for a security clearance is not a once in a lifetime occurrence, but is based on applying the factors, both disqualifying and mitigating, to the evidence presented. Under his current circumstances, a clearance is not warranted. In the future, he may well demonstrate persuasive evidence of his security worthiness.

Formal Findings

I make the following 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:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a-1.p, 1.r:	Against Applicant
Subparagraphs 1.q, 1.s:	For Applicant

Conclusion

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

LeRoy F. Foreman
Administrative Judge