In the matter of:	)	
	)	
	)	ISCR Case No. 26-00015
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Brittany White, Esq., Department Counsel
For Applicant: *Pro se*

08/31/2026

Decision

DORSEY, Benjamin R., Administrative Judge:

Applicant did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

Statement of the Case

Applicant completed and certified a security clearance application on January 13, 2025 (SCA). On February 13, 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 provided a response to the SOR on February 13, 2026 (Answer) and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The case was assigned to me on June 1, 2026.

The hearing was convened as scheduled on July 16, 2026, over the Microsoft Teams online network. Government Exhibits (GE) 1 through 6 and Applicant Exhibits (AE) A and B were admitted in evidence, without objection. At Applicant's request, I left the record open until July 23, 2026, to allow the parties the opportunity to provide post-hearing documents. Applicant timely provided AE C, which I admitted, without objection. DOHA received a transcript of the hearing (Tr.) on July 23, 2026.

Findings of Fact

Applicant is a 54-year-old employee of a government contractor for which he has worked since February 2025. He has been married since 2005. He has three adult children. He graduated from high school in 1990, earned an associate degree in 2002 and is two classes shy of earning a bachelor's degree. He served in the Navy from 1990 until 1993, when he earned an honorable discharge. (Tr. 21-23 59-60, 63-64; GE 1)

In the SOR, the Government alleged that Applicant has fifteen delinquent accounts totaling approximately $106,860 (SOR ¶¶ 1.a through 1.o). It also alleged that he filed a petition in Chapter 13 bankruptcy in January 2010 that was dismissed in June 2011 for failure to make plan payments, and that he filed another petition in Chapter 13 bankruptcy in August 2011 that was discharged in July 2016 (SOR ¶¶ 1.p and 1.q). He admitted the SOR allegations with additional comments. His admissions are incorporated in my findings of fact. The SOR allegations are established by his admissions and the Government's credit reports and bankruptcy records. (SOR; Answer, GE 1-6)

Applicant claimed that he began having financial issues after the trucking transport business that he created in 2018 failed in 2021 when he could not obtain his commercial driver's license (CDL) because he failed a health screening as a result of his service-related disability. He claimed that he opened many of the accounts on which he is delinquent to finance his transport business. He was laid off from his employment with a multi-level marketing company in May 2023, which he claimed slowed his ability to address his financial delinquencies until he began his current employment in February 2025. He claimed that, after he started his current employment in February 2025, he contacted creditors and made payment arrangements with them. (Tr. 19-21, 62-64; Answer; GE 1-4; AE A)

As of the close of the record, the status of the SOR accounts was as follows:

The auto loan charged off in the approximate amount of $43,067 listed in SOR ¶ 1.a is in the process of being resolved. Applicant opened the account in June 2019 and, prior to July 2026, last made a payment on it in November 2019. Applicant opened this account to purchase a truck for his transport business. He claimed that the engine failed, and it cost him $20,000 to repair it. In January 2023, he contacted the creditor's collection agency to try to resolve this account. The collection agency agreed to accept a lump sum payment of $15,000 to settle the account in full, but he did not agree to that offer because he wanted the creditor to repossess the collateral that secured the account or provide him with the title to the truck. At some point between January 2023 and May 2025, the collection agency turned the account back over to the original creditor. He learned of this information when he contacted the original creditor again during that time frame. He provided a July 2, 2026 letter from the creditor showing it made him a settlement offer to accept $32,600 by July 1, 2027 as payment in full. In July 2026, he made two payments of $100 toward this account. He provided documents corroborating these two payments. He plans on taking a loan from his retirement account to contribute to the remaining settlement amount. He claimed that his settlement efforts have been delayed by his wanting to make sure he has the funds to comply with his payment arrangement, by his acknowledgment that he may lose his job if he is not awarded security clearance eligibility, and because he was waiting on the creditor to provide him with a payoff amount. He was also paying his smaller debts first. (Tr. 23-28, 45-58; Answer; GE 1-4; AE A, B)

The unsecured loan charged off in the approximate amount of $28,958 listed in SOR ¶ 1.b is in the process of being resolved. Applicant opened the account in June 2019 and, prior to July 2026, last made a payment on it in September 2019. Applicant opened this account to help finance his transport business. The original creditor turned the account over to a collection agency in about January 2023. He contacted the collection agency around this time to make a payment arrangement, but he and the collection agency could not come to an agreement. At some point between January 2023 and May 2025, the collection agency turned the account back over to the original creditor. He learned of this information when he contacted the original creditor again during that time frame. He provided a July 2, 2026 letter from the creditor showing it made him a settlement offer to accept $14,480 by July 1, 2027 as payment in full. In July 2026, he made two payments of $100 toward this account. He provided documents corroborating these two payments. He plans on taking a loan from his retirement account to contribute to the remaining settlement amount. He claimed that his settlement efforts have been delayed by his wanting to make sure he has the funds to comply with his payment arrangement, by his acknowledgment that he may lose his job if he is not awarded security clearance eligibility, and because he was waiting on the creditor to provide him with a payoff amount. He was also paying his smaller debts first. (Tr. 24-28, 45-58, 63-64; Answer; GE 1-4; AE A, B)

The credit card placed for collection in the approximate amount of $16,764 listed in SOR ¶ 1.c is in the process of being resolved. Applicant opened the account in June 2019 and, prior to July 2026, last made a payment on it in October 2019. Applicant opened this account to help finance his transport business. The original creditor turned the account over to a collection agency in about January 2023. He contacted the collection agency around this time to make a payment arrangement, but he and the collection agency could not come to an agreement. At some point between January 2023 and May 2025, the collection agency turned the account back over to the original creditor. He learned of this information when he contacted the original creditor again during that time frame. He provided a July 2, 2026 letter from the creditor showing it made him a settlement offer to accept $7,514 by July 1, 2027 as payment in full. In July 2026, he made two payments of $100 toward this account. He provided documents corroborating these two payments. He plans on taking a loan from his retirement account to contribute to the remaining settlement amount. He claimed that his settlement efforts have been delayed by his wanting to make sure he has the funds to comply with his payment arrangement, by his acknowledgment that he may lose his job if he is not awarded security clearance eligibility, and because he was waiting on the creditor to provide him with a payoff amount. He was also paying his smaller debts first. (Tr. 24-28, 45-58, 63-64; Answer; GE 1-4; AE A, B)

The secured loan for a trailer placed for collection in the approximate amount of $10,219 listed in SOR ¶ 1.d is in the process of being resolved. Applicant opened this account in August 2018 and, prior to July 2026, last made a payment on it in March 2024. In July 2026, he made two payments of $100 toward this account. He provided documents corroborating these two payments. He also provided a February 2026 document from the creditor showing that he disputed the account, but, after an investigation, the creditor found no fraud. He testified that he disputed the account despite admitting he owed it because his personal information was part of a data spill. He claimed he has a payment arrangement with the creditor to pay $8,200 by November 2026 to settle the account for less than the full balance. He provided no documents corroborating this payment arrangement. He claimed that his settlement efforts have been delayed by his wanting to make sure he has the funds to comply with his payment arrangement, by his acknowledgment that he may lose his job if he is not awarded security clearance eligibility, and because he was waiting on the creditor to provide him with a payoff amount. He was also paying his smaller debts first. (Tr. 28-30, 60-62; Answer; GE 2-4; AE A, B)

The credit card placed for collection in the approximate amount of $580 listed in SOR ¶ 1.e has been resolved. Applicant opened the account in June 2023, and, until March 2026, he last made a payment on the account in December 2023. In March 2026, he settled the account for less than the full balance by paying $336 to the creditor. He provided a document corroborating this payment. (Answer; GE 2-4)

The auto-insurance account placed for collection in the approximate amount of $1,248 listed in SOR ¶ 1.f has been resolved. Applicant contacted the creditor and settled the account for $624. He provided a document dated March 11, 2026, reflecting that he made a payment to the creditor for an undisclosed amount that had yet to post to the account. He also provided a document showing the $624 payment cleared. (Tr. 31-33, 58-59; Answer; GE 2-4; AE C)

The credit card charged off in the approximate amount of $1,197 listed in SOR ¶ 1.g has been resolved. Applicant opened the account in 2017, and, prior to July 2026, he last made a payment on the account in 2020. In July 2026, he paid the creditor $359 to settle the account in full. He provided a document corroborating this payment and settlement of the account. (Tr. 32-33; Answer; GE 2-4; AE C)

The medical account charged off in the approximate amount of $1,017 listed in SOR ¶ 1.h has been resolved. This account resulted from services for a medical procedure Applicant received from a foot specialist. The account was assigned in October 2023. He provided a statement from the creditor dated March 2026 reflecting that he had a zero balance. (Answer; GE 2-4)

Applicant alleged the credit card charged off in the approximate amount of $580 listed in SOR ¶ 1.i is a duplicate of the account listed in SOR ¶ 1.e that he resolved. The balance on the two accounts was the same and there is insufficient evidence that he had two separate accounts with this creditor. (Answer; GE 2-4)

The auto-insurance account placed for collection in the approximate amount of $80 listed in SOR ¶ 1.j has been resolved. Applicant contacted the creditor and settled the account in full in July 2025. (Tr. 31; Answer; GE 2-4)

The past-due student loans alleged in SOR ¶¶ 1.k and 1.m through 1.o are resolved. Applicant opened these accounts in 2011, 2012, and 2016. These accounts were satisfied in full in August 2025 because of Applicant's 100 percent Veteran's Affairs (VA) disability rating. He provided documents corroborating that these accounts have zero balances, that he has a 100 percent disability rating as of December 1, 2025, and that he receives a monthly benefit of $4,158 from the VA. (Tr. 30-31; Answer; GE 1-4; AE A)

The credit card past due in the approximate amount of $193 with a total balance of $710 listed in SOR ¶ 1.l has been resolved. Applicant credibly stated that he paid the account in full and he still has the credit card. While he provided statements from the creditor showing that an account with the same creditor ending in 7819 was paid, he did not provide any documents regarding this account. The account solely appeared in the January 2025 credit report. I have credited him with mitigation of this debt. (Tr. 33; Answer; GE 4).

In January 2010, Applicant filed a petition in Chapter 13 bankruptcy. In June 2011, this bankruptcy petition was dismissed because he did not timely make payments according to his Chapter 13 plan. In about August 2011, he filed another Chapter 13 bankruptcy. This time, he completed the plan payments, and he received a bankruptcy discharge. He filed bankruptcy because he was unemployed during the economic downturn following the 2008 recession, and to protect real property that he owned. (Tr. 33-34; Answer; GE 5, 6)

Applicant provided paystubs from his current employer for the two-week pay period ending May 31, 2026, and June 15, 2026, reflecting he earned $2,071 and $3,058 in net pay, respectively. He testified that he earns about $4,000 per month, after taxes. When combined with his disability benefit, and income from his job with a food-delivery service, his income is about $9,000 per month. His wife earns about $175,000 annually, before taxes. She also earns an extra $4,000 per month during tax season working for an income tax preparer. Together, they earn between $16,000 and $20,000 after taxes per month.

His and his wife's regular expenses total between $3,000 and $5,000 per month. He has about $100,000 in a retirement account and his wife has about $600,000 in her retirement account. He has about $5,300 in a checking account and about $17,000 in a savings account. He claimed that his settlement efforts have been delayed by his wanting to make sure he has the funds to comply with his payment arrangement and by his acknowledgment that he may lose his job if he is not awarded security clearance eligibility. He also wanted to be careful about confirming payoff amounts because some of the SOR accounts were being transferred between the original creditors and collection agencies, and he claimed they would quote him different balances on the same accounts. (Tr. 34-41, 63-64)

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.

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

(a) inability to satisfy debts; and

(c) a history of not meeting financial obligations.

Applicant had fifteen delinquent accounts totaling approximately $106,860. He was delinquent on these accounts for several years. He filed for bankruptcy protection in 2010 and 2011 and received a bankruptcy discharge in 2016. The above-referenced disqualifying conditions are established.

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

The Appeal Board in ISCR Case No. 10-04641 at 11 (App. Bd. Sept. 24, 2013) explained Applicant's responsibility for proving the applicability of mitigating conditions as follows:

> Once a concern arises regarding an applicant's security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. *See Dorfmont v. Brown*, 913 F.2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. *See* Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in *Egan, supra*. "Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security." Directive, Enclosure 2 ¶ 2(b).

At the outset, I note that Applicant last filed bankruptcy about 15 years ago, and his dischargeable debts were forgiven after he made payments on them for five years under the terms of his bankruptcy plan. While filing bankruptcy tends to show a lack of ability to meet one's financial responsibilities, filing a petition and receiving a discharge in Chapter 13 bankruptcy tends to show more responsibility than filing a petition in Chapter 7 bankruptcy. After considering this factor and acknowledging the 10 years that have elapsed since the discharge, I find in favor of Applicant with respect to SOR ¶¶ 1.p and 1.q.

Applicant provided sufficient evidence that he resolved 10 of the 15 SOR accounts. One of the unresolved accounts is for $193, which he credibly said he resolved without providing adequate supporting documentation. However, the four remaining accounts that he is in the process of resolving have a combined balance of about $99,000. While he recently entered into a payment arrangement to pay reduced balances on these four accounts, and he has made two small payments (in relation to the balances) on them, those significant debts are ongoing and unpaid. AG ¶ 20(a) does not apply to the SOR allegations.

Applicant's financial delinquencies resulted from conditions such as a failed business caused by service-related health problems and a loss of employment, that were largely beyond his control. For AG ¶ 20(b) to fully apply, he must also provide sufficient evidence that he acted responsibly under the circumstances. In February 2025, he began work at a job where he earned enough money to make meaningful strides toward addressing his SOR accounts. While he addressed and resolved many of his lesser accounts, he made very little headway on his four most significant accounts. He waited until July 2026 to negotiate a payment arrangement on these accounts. Then, he made minimal payments that month on those four accounts. I find this lack of progress concerning considering his significant resources in bank accounts, a sizeable retirement account, and his substantial monthly budget surplus. I did not find his explanations, such as confirming payoffs and saving for his potential unemployment, to be viable excuses for his lack of progress on these accounts considering he has been gainfully employed for about a year and a half. Given these circumstances, he did not meet his burden to prove that he acted responsibly under the circumstances. AG ¶ 20(b) does not apply.

For AG ¶ 20(d) to apply, Applicant must show that he initiated and adhered to an effort to repay creditors or otherwise resolve debts, and that he acted in good faith. While I credit him for resolving many of his lesser SOR accounts, he made minimal progress on the four accounts that comprise the vast majority of the SOR debt. Given the ample assets at his disposal and his specious excuses for the timing and scope of his resolution efforts on these accounts, he has not shown that he made these repayment efforts in good faith. AG ¶ 20(d) partially applies, but only in relation to the lesser SOR accounts that Applicant resolved.

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 have incorporated my comments under Guideline F in my whole-person analysis. I have considered Applicant's honorable military service. I have also considered Appeal Board precedent holding the following: a meaningful track record of debt reform includes evidence that debts have been paid off or resolved. An applicant is not required to show that every debt in the SOR has been paid, and there is no requirement that a plan provide for payments on all outstanding debts simultaneously. ISCR Case No. 14-00504 at 2 (App. Bd. Aug. 4, 2014). Rather, an applicant is required to demonstrate that he or she has "established a plan to resolve his [or her] financial problems and taken significant actions to implement that plan." There is also no requirement that the first debts paid in furtherance of a reasonable debt plan are the SOR debts. ISCR Case No. 07-06482 at 2 (App. Bd. May 21, 2008). Guideline F mitigation does not require the payment of all the SOR debts. Instead, it requires that Applicant remove trustworthiness and reliability concerns raised by those debts. ISCR Case No. 14-00504 at 3.

Pursuant to my Guideline F analysis herein, I find that, while Applicant established a plan to resolve his financial problems, in light of all the circumstances, he has not taken significant actions to implement that plan. I also find that his lack of progress in implementing that plan, despite arguably having the financial means to do so, calls into question his overall judgment and reliability. I am left with doubts about his judgment, trustworthiness, and reliability. I conclude Applicant did not mitigate the financial considerations security concerns.

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.d:	Against Applicant
Subparagraphs 1.e-1.q:	For Applicant

Conclusion

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

Benjamin R. Dorsey
Administrative Judge