DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00691
	)	
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Sakeena Farhath, Department Counsel
For Applicant: *Pro se*

09/08/2026

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On April 18, 2024; and June 9, 2025, Applicant submitted security clearance applications (e-QIPs). On February 4, 2026, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCSA CAS) issued Applicant a Statement of Reasons (SOR), detailing security concerns under Guideline F, Financial Considerations. The action was taken under Executive Order 10865 (EO), *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 April 30, 2026, and requested a hearing before an administrative judge. The case was assigned to me on July 27, 2026. The Defense Office of Hearings and Appeals issued a notice of hearing on July 29, 2026, and the hearing was convened as scheduled on August 18, 2026. The Government offered eight exhibits, referred to as Government Exhibits 1 through 8, which were admitted without objection. The Applicant offered two exhibits, referred to as Applicant's Exhibits A and B, which were admitted without objection. Applicant testified on his own behalf. DOHA received the transcript of the hearing (Tr.) on August 31, 2026.

Findings of Fact

Applicant is 43 years old. He is married a second time, and has three children, including a son who is 19, and a daughter who is 12. His oldest child passed away seven years ago. He and his wife are expecting a child this month. Applicant has an 11th grade education, but is currently taking on-line college courses to obtain a degree in Supply Chain Logistics. He holds the position of Logistics Coordinator with a defense contractor. He is seeking to obtain a 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 identified ten delinquent debts totaling approximately $37,000. Applicant admitted each of the allegations set forth under this guideline. Credit reports of the Applicant dated April 27, 2024; December 3, 2024; May 13, 2025; November 19, 2025; and June 30, 2026, confirm the indebtedness listed in the SOR. (Government Exhibits 4, 5, 6, 7 and 8.) Applicant has never held a security clearance before.

Applicant stated that in 2022, just four years ago, his credit was excellent. In September 2023, he lost a job where he had been employed for seven years, since 2016. From September 2023, until April 2024, he was unemployed. During this period, he went through a divorce which was costly. He was also diagnosed with diabetes, and had no health insurance at the time to cover the medical bills and costs. He was unable to pay his regular monthly expenses and other bills. He also fell three months behind on his mortgage payments. In April 2024, Applicant was hired by his current employer.

In 2025, Applicant hired a debt resolution company to assist him in resolving his delinquent debts. (Tr. p. 29.) He paid the fee of $800 to start the program, and then $20 monthly for credit report monitoring. He made payments of $80 monthly until it amounted to $800. Then he started the $20 monthly payments for monitoring. (Tr. pp. 24-26.) They told the Applicant that they believed some of the delinquent accounts reflected on his credit reports were duplicates, and that they would work to have them removed. They also told him that they would work to settle the other debts and set up payment plans with the creditors. They advised him on how to obtain a loan modification on his home mortgage to avoid foreclosure, which Applicant was able to do. (Tr. p. 29.) They also told him to ignore any attempts by any of the creditors to contact him, through letters, emails, or otherwise, requesting payment, because they were working to clear those collection accounts from his credit reports. (Tr. p. 43-45.) Applicant has followed their instructions.

The following delinquent debts are of security concern:

1.a. Applicant is indebted to a creditor for a delinquent debt, account #330133645, in the amount of $1,411 that was placed for collection. This is a credit card he used for automobile repairs; health care costs; mortgage payments; and other things for his children. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. p. 36, and Applicant's Exhibit B.)

1.b. Applicant is indebted to a creditor for a delinquent debt, account #324576898, in the amount of $5,080 that was placed for collection. This is a credit card he used for automobile repairs; health care costs; mortgage payments; and other things for his children. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. p. 38, and Applicant's Exhibit B.)

1.c. Applicant is indebted to a creditor for a delinquent debt, account #329315931, in the amount of $2,668 that was placed for collection. This is a credit card he used for automobile repairs; health care costs; mortgage payments; and other things for his children. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. p. 38.)

1.d. Applicant is indebted to a creditor for a delinquent debt, account #324757989, in the amount of $1,431 that was placed for collection. This is a credit card he used for automobile repairs; health care costs; mortgage payments; and other things for his children. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. p. 39, and Applicant's Exhibit B.)

1.e. Applicant is indebted to a creditor for a delinquent debt, account #3968535808 in the amount of $2,013 that was placed for collection. This is a credit card he used for automobile repairs; health care costs; mortgage payments; and other things for his children. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. pp. 41-42, and Applicant's Exhibit B.)

1.f. Applicant is indebted to a creditor for a delinquent debt, account #3898083323 in the amount of $9,542 that was placed for collection. This is a personal loan Applicant opened in 2024, to assist in paying bills. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. p. 42, and Applicant's Exhibit B.)

1.g. Applicant is indebted to a creditor for a delinquent debt in the amount of $1,915 that was placed for collection. This is a credit card he used for automobile repairs; health care costs; mortgage payments; and other things for his children. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. p. 44, and Applicant's Exhibit B.)

1.h. Applicant is indebted to a creditor for a delinquent debt in the amount of $517 that was placed for collection. This is a credit card he used for automobile repairs; health care costs; mortgage payments; and other things for his children. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. p. 44, and Applicant's Exhibit B.)

1.i. Applicant is indebted to a creditor for a delinquent debt in the amount of $9,419 that was placed for collection. This is a credit card he used for automobile repairs; health care costs; mortgage payments; and other things for his children. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. pp. 44-45, and Applicant's Exhibit B.)

1.j. Applicant is indebted to a creditor for a delinquent debt in the amount of $3,058 that was placed for collection. This is a credit card he used for automobile repairs; health care costs; mortgage payments; and other things for his children. This account was turned over to the debt resolution company. The debt remains outstanding. (Tr. p. 46, and Applicant's Exhibit B.)

Applicant submitted a letter from the debt resolution company dated January 9, 2025, that states that they have successfully removed several accounts from Applicant's credit report that were erroneous and did not belong to him, but they do not identify which accounts these were. Applicant was not able to identify them either. (Applicant's Exhibit A.)

Applicant stated that he has a checking account that has about $17 in it. (Tr. p. 54.) He has no savings account in the bank, but he does have about $4,000 savings at his home. This money he has saved to pay the debts when the debt resolution company contacts him to do so. (Tr. pp. 39-40) He has $6,000 in a retirement account from work.

Applicant provides all of the financial support for his family. He brings home about $4,500 monthly. After paying all of his monthly expenses, including his mortgage, car, insurance, medical bills, and child support for his son, he has about $1,500 left is discretionary funds at the end of the month. He spends this money on family entertainment, like going to the movies and eating out. He saves about $200 of this money for his delinquent debts. He also noted that he and his wife are expecting another child very soon and he expects his expenses to increase.

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 to satisfy debts; and
>
> (c) a history of not meeting financial obligations.

Circumstances beyond Applicant's control obviously contributed to his financial indebtedness. He lost a job, and was unemployed for about eight months. At the same time, he went through a divorce, and experienced health problems, which were both unexpected and costly. However, since then, he has not been proactive in addressing his delinquent debts. Although he hired a debt resolution company, he has not followed up with them to make sure that they are resolving his debts. Accordingly, he has not made a good faith effort to resolve his debts. His actions or inactions demonstrate a history of not addressing his debt and/or an inability to do so. 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.

Although Applicant hired a debt resolution company to assist him in resolving his delinquent debts, each of the debts listed in the SOR remain owing. A letter from the debt resolution company states that they have removed several erroneous debts from Applicant's credit report, but they do not identify which debts they have removed. Applicant does not know which debts they have removed either. There is no evidence to show that any of the debts listed in the SOR were removed, and if so why they were removed. Given the fact that nothing has changed since Applicant received the SOR, and given the extent of his indebtedness, Applicant needs more time to show the Government that he will be able to properly resolve his financial delinquencies with regular systematic payments and consistency. None of the mitigating conditions are applicable.

There is insufficient evidence in the record to show that Applicant has made a good-faith effort to resolve his debts. Overall, Applicant shows no progress towards resolving his debts. In fact, not one payment has been made to resolve any debt. There is insufficient evidence in the record to show that he has carried his burden of proof to establish mitigation of the Government's security concerns under Guideline F. Accordingly, Guideline F is found against the Applicant.

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. In the event that Applicant follows through with his commitment to show financial responsibility, sometime in the future he may be found to be sufficiently reliable to properly protect and access classified information, but not at this time.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. I conclude Applicant has not 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:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a. through 1.j:	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with the national interest to grant or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Darlene Lokey Anderson
Administrative Judge