DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	
	)	ISCR Case No. 25-00799
	)	
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Jenny Bayer, Esq., Department Counsel
For Applicant: Samir Nakhleh, Esq.

08/24/2026

Decision

MURPHY, Braden M., Administrative Judge:

Applicant did not provide sufficient evidence to mitigate established financial considerations security concerns under Guideline F. Applicant's eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on July 30, 2024. Following a background investigation, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant on October 30, 2025, alleging security concerns under Guideline F. The DCSA issued the SOR under Executive Order (Exec. Or.) 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 Security Executive Agent Directive (SEAD) 4, *National Security Adjudicative Guidelines* (AG), effective June 8, 2017.

Through counsel, Applicant answered the SOR on November 13, 2025, and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The case was assigned to me on April 2, 2026. On May 5, 2026, DOHA scheduled the case for a hearing on June 9, 2026, via video-teleconference through an online platform.

The hearing convened as scheduled. I marked Hearing Exhibits (HE) I, II, and III into the record. Department Counsel offered Government's Exhibits (GE) 1 through 6, and Applicant offered Applicant's Exhibits (AE) A through H, all of which were admitted without objection. Applicant also testified.

During Applicant's testimony, a jurisdictional question arose regarding the status of his most recent application for a clearance. As a result, after some discussion, I continued the hearing until June 18, 2026, so the question could be resolved. This is discussed in more detail below.

The hearing was reconvened on June 18, 2026, by mutual agreement. I marked as HE IV, V, and VI various documents and emails regarding the jurisdictional question. Applicant resumed his testimony. At the conclusion of the hearing, I held the record open to allow him the opportunity to submit additional evidence. He timely submitted five exhibits, marked as AE I-AE M. Department Counsel submitted one additional document, GE 7. All post-hearing documents were admitted without objection. The record closed on July 7, 2026. DOHA received the transcript of the June 9, 2026 hearing (1Tr.) on June 23, 2026, and received the transcript of the June 18, 2026 hearing (2Tr.) on July 8, 2026.

Jurisdictional Issue

As referenced above, during Applicant's testimony on June 9, 2026, he reported that his supervisor had told him that his clearance application (GE 1, submitted in July 2024), had been granted in May 2025. Department Counsel then revealed that she had information from DSCA in the Defense Information System for Security (DISS) documenting that DSCA had granted Applicant eligibility for a clearance on or about October 28, 2025 – two days before the SOR was issued. However, she also believed the information in DISS regarding Applicant's eligibility was erroneous, given the evidence of Applicant's two ongoing delinquent debts. When the matter was not resolved quickly, I terminated the proceedings for the day so the matter could be sorted out, to resume on June 18, 2026, if appropriate. (1Tr. 55-68)

In the interim, on June 10, 2026, DSCA updated Applicant's status to "eligibility pending" and noted that the previous status of "eligibility granted" had been erroneous. (HE IV, HE V) It was therefore appropriate to reconvene the hearing on June 18, 2026. Once these documents were placed in the record and the parties noted their respective positions, I ruled that DOHA's jurisdiction over the case was confirmed, making it appropriate to resume the hearing. Applicant's counsel did not note any objections. (HE VI; 2Tr. 4-11)

Findings of Fact

In responding to the SOR, Applicant admitted SOR ¶¶ 1.a and 1.b, both with lengthy explanations in a filing by his counsel. His admissions are incorporated into the findings of fact. Additional findings follow.

Applicant is 48 years old. He earned a bachelor's degree in 2006. He has worked as a cyber security specialist or as an engineer for federal contractors since early 2011 and he has held a clearance or public trust eligibility since 2012. His only marriage (1999-2019) ended in divorce. He has three adult children. He has lived with a cohabitant since early 2020 and they are engaged. They live with his son and his fiancée's three daughters. His fiancée is in school and does not work. (GE 1; AE C; 1Tr. 9-10, 19-22, 46-47; 2Tr. 26, 38-39, 56-58)

Applicant has worked in the same location, though for different employers, since 2010. He said he had dreamed of working in his general field of expertise since childhood. In 15 years with a clearance, he has never had a security reprimand, incident, or violation and he understands the need to be "hyper-focused and hyper-vigilant to be successful in cybersecurity." (1Tr. 22-24; 2Tr. 40-41) He is proud of his job and the important work that he does. He knows he has made some mistakes financially and wants to correct them. (2Tr. 62-63)

In September 2022, Applicant's home was severely flooded during a hurricane. He lost everything except for what he could carry out of the house. He had flood insurance, but it took a long time to rebuild. He said he received an insurance payment of about $40,000 after the flood and was out of pocket about $10,000. Due to the financial impact of the flood, he was unable to pay several of his creditors. (GE 1, GE 3 at 3; AE I; 1Tr. 30-38, 51-52; 2Tr. 14-17, 21-22, 34-37, 44-46, 51-55)

Applicant disclosed three large debts on his SCA. One, a debt for two credit cards to creditor C of about $20,000, was settled and resolved for about $3,000 a few months earlier, in March or April 2024. He also listed the two SOR debts. The debts are established by Applicant's admissions and by credit reports in the record, from August 2024, May 2025, June 2025, and January 2026. Applicant also discussed his debts in his April 2025 interrogatory response. (GE 1, GE 2, GE 3-GE 6; AE I; 1Tr. 31, 34-35, 37-38; 2Tr. 51-52)

The SOR concerns two delinquent debts, totaling $45,172. Both are listed on credit reports as having been reported for collection in either 2024 or 2025, but both have dates of last payment in August 2021. (GE 3, GE 4, GE 5)

SOR ¶ 1.b is a charged off debt to Bank 1 for $21,270. (GE 3 at 3, GE 4 at 2, GE 5 at 1) Applicant said this debt arose during his marriage and was a joint marital debt. However, he agreed to assume the larger portion of the debt in the divorce settlement in exchange for taking a larger share of the proceeds ($30,000-40,000) from the sale of the marital home in August 2019. Applicant explained that he needed to take proceeds from that home sale for the down payment of about $25,000-28,000 on his next home, which was closing later the same day. He needed to buy a home in a particular school district for his son, then aged 12. (1Tr. 26-29; 2Tr. 26-27)

Applicant stated that the debt at SOR ¶ 1.b that he assumed in the divorce settlement was due to everyday expenses but also concerned expenses to repair or replace several major items so the home could be sold. He said the debt he assumed was initially about $15,000. He was paying it initially but fell behind in about 2021. In about 2021, he received a letter from a collection agency that directed him to a website where he could submit a form and offer to settle the debt. He did that, but when he spoke to the collector, they told him the debt had been sold to someone else.

Applicant did not hear anything from the creditor after that. He says his credit reports refer only to the debt as owed to Bank 1, not to a collector. He said he is "watching the mail" waiting for a response. (1Tr. 29-30, 35-37; 2Tr. 17-21, 25-33)

SOR ¶ 1.a is a credit card debt initially reported for collection by Bank 2 in April 2025 in the amount of $23,902, though it is alleged as a judgment. (GE 3 at 2, GE 4 at 2, GE 5 at 1, GE 6 at 6) The debt is related to expenses incurred from moving and settling into his new home after the divorce. To resolve the debt, Applicant said he researched the law firm handling the debt, law firm N. He said their website gave specific instructions on how to contact them, which he followed. He provided screenshots of his emails to law firm N, attempting to contact them for a settlement. He made a settlement offer of $5,000 in April 2023 but got no response, either then or in April 2024. He said he made other attempts to contact the law firm, but these attempts are not documented. (AE A, AE B; 1Tr. 31-34)

Applicant also testified that he appeared virtually for a court hearing for this debt a few months after the flood. He appeared by video from the camper where he was living in his driveway at the time. Government Exhibit 7 is the docket sheet for the court case brought by Bank 2 to collect the debt at SOR ¶ 1.a. It reflects a summary final judgment issued for Plaintiff Bank 2 in June 2023 for about $25,165. Bank 2 then sought to garnish Applicant's wages. However, in December 2023, Defendant (Applicant) sought a claim of exemption and dissolution of the continuing writ of garnishment. In February 2024, Defendant's motion was granted, the garnishment was dissolved, and the case was closed. (GE 7; AE L; 1Tr. 34; 2Tr. 46-50) Even so, Applicant does not sufficiently explain his efforts to pay or resolve the debt since then, responsibility for which he does not dispute. It is also unclear how Applicant had a court case with Bank 2 in 2023 and 2024, yet had difficulty contacting either them or their debt collector to arrange a settlement during this time (or subsequently), as shown by AE A and AE B.

Applicant intends to continue reaching out to the creditors for both SOR debts in hopes of settling and resolving them. (2Tr. 43-44) He remains open to settling the two SOR debts, either through lump sums or payment plans. He said his salary has increased and his finances have stabilized. He now earns an annual salary of $150,000 and he believes he has the money to pay to settle both debts. He wishes his debt had not gotten as high as it did. He wishes he had saved more money and consulted a financial advisor. (1Tr. 38-40)

After the flood, Applicant had limited savings. He was also unemployed or unpaid during the fall 2025 federal government shutdown. The house is 95% rebuilt after the flood. He has had some informal financial counseling through work but has not pursued formal financial counseling himself. He now recognizes that he would have benefited from doing so and from pursuing ways to address his debts earlier. He considered arrangements with debt consolidation companies but was not comfortable pursuing them. He has no other delinquent debts. (1Tr. 4-48, 52; 2Tr. 22, 23, 39, 41-43)

According to a post-hearing personal financial statement (PFS), Applicant earns a gross annual salary of about $150,000. With monthly net income of about $10,391, monthly expenses of about $4,550, and monthly debt payments (mortgage, solar loan and car loan) of $2,427, he estimates a net monthly remainder of about $3,414. His mortgage is in good standing. On his PFS, he does not account for any payments on the two SOR debts. (AE J, AE K, AE M)

Several awards and certificates Applicant has received attest to his excellent and valued work with his employer. A program manager on Applicant's contract provided a strong recommendation letter attesting to his professional skills, dedication, performance, attitude, work ethic, and highly regarded contributions to his employer. (AE D-AE H)

Policies

It is well established that no one has a right to a security clearance. As the Supreme Court has held, "the clearly consistent standard indicates that security determinations should err, if they must, on the side of denials." *Department of Navy v. Egan*, 484 U.S. 518, 531 (1988).

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 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, these guidelines are applied 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(a), the entire process is a conscientious scrutiny of several 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 not drawn 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, an “applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel and 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.

Analysis

Guideline F, Financial Considerations

The security concern relating to the guideline 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. . . .

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. *See* ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

AG ¶ 19 provides conditions that could raise security concerns: AG ¶¶ 19(a) “inability to satisfy debts” and 19(c) “a history of not meeting financial obligations” are potentially applicable. The two SOR debts are established by credit reports in the record. AG ¶¶ 19(a) and 19(c) both apply.

The financial considerations guideline also includes conditions that could mitigate security concerns arising from financial difficulties. The following mitigating conditions under AG ¶ 20 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;
>
> (d) the individual initiated and is adhering to 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.

Applicant and his wife divorced in 2019. He assumed debt from the divorce and then incurred later debts while starting his new life after the marriage. Applicant had some debts become delinquent in 2021, and he fell further behind after his home was badly damaged by a flood during a 2022 hurricane. Applicant is credited with settling and resolving smaller debts, such as to creditor C. Two larger debts, both alleged in the SOR, remain, however.

One debt, SOR ¶ 1.a, resulted in a judgment against Applicant for the amount due. The resulting garnishment was dismissed when Applicant challenged it, and the court case was closed in February 2024. However, Applicant gives no explanation of any efforts to pay or resolve the debt, responsibility for which he does not dispute. Likewise, the debt at SOR ¶ 1.b is also unresolved. Applicant made some efforts to contact the creditor in 2021, but has not heard anything definitive, either from the creditor bank or a collector.

AG ¶ 20(a) does not fully apply. While the debts are limited to two remaining debts, those debts are also ongoing. They continue to cast doubt on Applicant's judgment, trustworthiness, and reliability.

AG ¶ 20(b) warrants some consideration. Applicant incurred the debts after his divorce, but the debt at SOR ¶ 1.b became his responsibility due to a conscious choice to assume that debt in exchange for a larger portion of the surplus from the sale of the marital home. The debt later became delinquent. Applicant's ability to pay the debts was negatively impacted by the financial impact and losses he incurred due to the flood damage to his home, which was clearly a circumstance beyond his control

Applicant is credited with settling and resolving smaller debts, such as to creditor C. However, he has not been sufficiently proactive to address his debts as a whole. In particular, it is noteworthy that Applicant declared both SOR debts in his 2024 SCA, discussed them in his background interview, his interrogatory response, and his SOR response, but has provided no subsequent documentation of any efforts to resolve the debts since then. This limits full application of either AG ¶¶ 20(b) or 20(d). What he needs to show is a documented track record of steady payments to his creditors, or a showing of his efforts to resolve the debts.

An applicant is not required to be debt-free nor to develop a plan for paying off all debts immediately or simultaneously. *See* ISCR Case No. 09-08462 at 4 (App. Bd. May 31, 2011). Instead, an applicant must act responsibly given his circumstances and develop a reasonable plan for repayment, accompanied by concomitant conduct — even if it may only provide for the payment of debts one at a time. *See* ISCR Case No. 07-06482 at 3 (App. Bd. May 21, 2008). Here, Applicant has not provided enough evidence to establish this.

As to AG ¶ 20(e), Applicant provided post-hearing documentation that the court case concerning the debt at SOR ¶ 1.a was dismissed and the case closed. But he also does not dispute responsibility for the debt itself. Applicant Exhibit L (supplemented by GE 7) is insufficient to establish that he no longer owes on the debt.

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 given all the facts and circumstances surrounding this case.

I have incorporated my comments under Guideline F in my whole-person analysis. I credit Applicant's long and accomplished career in his chosen field. Notwithstanding the difficult and unexpected circumstances he faced, Applicant still needs to establish a responsible plan to address his remaining debts and take concrete steps towards putting that plan into place. He has not established sufficient evidence at this time to mitigate the resulting security concerns. This is not to say he might be an excellent candidate for eligibility for access to classified information in the future. But overall, the record evidence leaves me with questions and doubts as to Applicant's eligibility for access to classified information at this time.

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.b:	Against Applicant

Conclusion

Considering all the circumstances, it is not clearly consistent with the interests of national security to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Braden M. Murphy
Administrative Judge