DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01511
	)	
Applicant for Security Clearance	)	

Appearances

For Government: William H. Miller, Esq., Department Counsel
For Applicant: *Pro se*

08/18/2026

Decision

FOREMAN, LeRoy F., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Clearance is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on May 15, 2023. On February 12, 2026, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F (Financial Considerations). The DCSA acted 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 the adjudicative guidelines (AG) promulgated in Security Executive Agent Directive 4, *National Security Adjudicative Guidelines* (December 10, 2016), which became effective on June 8, 2017.

Applicant answered the SOR on February 23, 2026, and requested a hearing before an administrative judge. Department Counsel was ready to proceed on April 25,

2026. The case was assigned to me on June 2, 2026. On June 22, 2026, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled to be conducted by video teleconference on July 22, 2026. I convened the hearing as scheduled. Government Exhibits (GX) 1 through 10 were admitted in evidence without objection. Applicant testified and presented the testimony of one witness. He did not offer any documentary evidence. DOHA received the hearing transcript on August 4, 2026, and the record closed on that date.

Findings of Fact

In Applicant's answer to the SOR, he admitted all the allegations in the SOR. His admissions are incorporated in my findings of fact.

Applicant is a 65-year-old audio-visual engineer employed by a federal contractor since June 2022. He received an associate degree in May 1996, a bachelor's degree in December 2006, and a master's degree in August 2010. He married in May 1999 and has two adult children, one minor child, and two stepchildren. Applicant's wife, who testified at the hearing, has been federal government employee for 36 years and holds a security clearance. (Tr. 90)

Applicant and his wife filed a joint Chapter 7 bankruptcy petition in July 2000, which is alleged in SOR ¶ 1.d. At that time, his annual income was about $75,000. His consumer debts totaled around $70,000 or $80,000. He had spent around $30,000 or $40,000 to purchase cameras and audio-visual equipment in an unsuccessful attempt to start his own business in photography and audio-visual materials. His wife had incurred debts before her divorce and subsequent marriage to Applicant. A discharge was granted in November 2000. (GX 7; Tr. 35-40)

Applicant and his wife filed a second joint Chapter 7 petition in October 2009, which is alleged in SOR ¶ 1.c. (GX 6) At that time, Applicant was earning about $75,000 per year. He had incurred student loans for his undergraduate and graduate degrees. He had been unemployed from February to December 2009. They disclosed assets of $499,193 and liabilities of $743,719. They listed secured creditors for the purchases of a 2005 Buick, a 2005 Lexus, a 2007 Jeep Cherokee, 2001 Chevrolet Corvette, and a home, which was financed with a mortgage loan with a balance of $416,994. They declared their intention to retain the four automobiles and the home as collateral and continue to make regular payments on those debts. A discharge was granted in January 2010. (GX 6)

Applicant and his wife filed a third Chapter 7 petition in December 2017, which is alleged in SOR ¶ 1.b. They received a discharge in November 2000. (GX 7) The record contains minimal information about this petition. After receiving a discharge, Applicant's wife insisted that they separate their finances. They split their savings, and Applicant's wife assumed responsibility for most of the household expenses. They began filing separate tax returns. Applicant's wife testified that she took these actions after she was warned by her supervisor that her security clearance was in jeopardy because of her financial problems. (Tr. 88)

Applicant filed a Chapter 13 bankruptcy petition in February 2024, which is ongoing and alleged in SOR ¶ 1.a. (GX 4) His wife did not join this petition, and she advised Applicant against filing it. Applicant is using his own separate income to make the monthly payments to the trustee as required. Although his wife is not involved in making the payments required by the bankruptcy court, she has tried to help him manage his finances and comply with the bankruptcy payment plan. She testified that Applicant "has not been a good steward over his finances." She testified that she is trying to help Applicant manage his finances, but that he "is a little slow at learning that situation." (Tr. 88-93)

Applicant's Chapter 13 petition reflected that he had total assets of $666,854 and liabilities of $662,552. It reflected monthly income of $14,525 and monthly expenses of $12,754. The petition included about $174,000 in student loans, payments on a 2016 BMW automobile, payments on engraving equipment that he purchased for about $8,000 to enable him to expand his private audio-visual business, and a federal tax debt of about $6,706 for tax years 2023 and 2024. His payment plan originally provided for monthly payments of $1,761 for 60 months. He surrendered the BMW, replaced it with a four-year-old economy car, and made a lump-sum payment toward settlement of the debts included in the bankruptcy. In May 2025, his payment plan was modified to require payments of $1,500 per month for 48 months. (GX 4) In his answer to the SOR and his testimony at the hearing, he stated that he is complying with the modified payment plan. However, he submitted no documentary evidence of any payments.

Policies

"[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* at 531. Substantial evidence is "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all the contrary evidence in the same record." See ISCR Case No. 17-04166 at 3 (App. Bd. Mar. 21, 2019). It is "less than the weight of the evidence, and the possibility of drawing two inconsistent conclusions from the evidence does not prevent [a Judge's] finding from being supported by substantial evidence." *Consolo v. Federal Maritime Comm'n,* 383 U.S. 607, 620 (1966). "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. 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* at 531.

Analysis

Guideline F, Financial Considerations

The security 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. . . . 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 a person might knowingly compromise classified information to raise money. It encompasses concerns about a person's self-control, judgment, and other qualities essential to protecting classified information. A person 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).

Applicant's admissions and the evidence submitted at the hearing 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(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.

AG ¶ 20(a) is not established. Applicant's delinquent debts are numerous, recent, and were not incurred under circumstances making recurrence unlikely.

AG ¶ 20(b) is not established. Applicant submitted no evidence of conditions largely beyond his control. His delinquent debts included those that were incurred to purchase expensive automobiles and audio-visual equipment for his personal, non-federal business, without regard to his limited income. He has disposed of the BMW and purchased a less expensive automobile, but he provided no evidence of other steps reflecting responsible financial conduct.

AG ¶¶ 20(c) and 20(d) are not established. Applicant was required to receive financial counseling for each of his bankruptcy filings. However, insufficient time has passed to establish "clear indications" that his financial problems will be resolved by the Chapter 13 plan. He testified that he has completed about 15 months of a 48-month payment plan, but 15 payments fall short of establishing "clear indications" in light of his long history of financial irresponsibility. Furthermore, he provided no documentation showing that he made the payments. He did not file his Chapter 13 petition until he had submitted his SCA and realized that his security clearance was in jeopardy. An applicant who waits until his or her clearance is in jeopardy before resolving debts may be lacking in the judgment expected of those with access to classified information. ISCR Case No. 16-01211 (App. Bd. May 30, 2018) *citing* ISCR Case No. 15-03208 at 5 (App. Bd. Mar. 7, 2017). His wife's testimony about his long history of poor financial judgment and her concern that he has been "a little slow" in learning how to be financially responsible gives me pause.

AG ¶ 20(g) is not established. The Chapter 13 bankruptcy included Applicant's tax debt as a priority claim. However, Applicant presented no evidence that he is actually making payments on his tax debt. Applicants who claim that a debt is being resolved are expected to present documentary evidence supporting that claim. *See* ISCR Case No. 15-03363 at 2 (App. Bd. Oct. 19, 2016).

Whole-Person Analysis

Under AG ¶ 2(c), the ultimate determination of whether to grant a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. An administrative judge must evaluate an applicant's security eligibility by considering the totality of the applicant's conduct and all the 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). 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 concern raised by his financial delinquencies.

Formal Findings

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F (Financial Considerations): AGAINST APPLICANT

Subparagraphs 1.a-1.e: Against Applicant

Conclusion

I conclude that it 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