DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00119
	)	
	)	
Applicant for Security Clearance	)	
	)	

Appearances

For Government:
Lauren A. Shure, Esq., Department Counsel

For Applicant:
Pro se

08/19/2026

Decision

NAGEL, Jeff A., Administrative Judge:

Applicant mitigated the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

Applicant submitted his security clearance application (SCA) on July 30, 2025, in connection with his employment in the defense industry. 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). The action was taken under Executive Order 10865, *Safeguarding Classified Information Within Industry* (February 20, 1960), as amended; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective within the Department of Defense on June 8, 2017.

Applicant answered the SOR in a 13-page writing (Answer) on February 18, 2026, and requested that his case be decided on the written record in lieu of a hearing. In his Answer, he admitted to the allegations with explanations. On May 5, 2026, Department Counsel submitted the Government's written case in a File of Relevant Material (FORM), in which there was a Motion to Amend the SOR to include another debt. I granted the motion, and this debt will be covered under 1.j. A complete copy of the FORM, consisting of Government's Exhibits (GE) 1 to 12 and the Government's arguments in support of the SOR, was received by Applicant on May 13, 2026. He was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns. Within the allotted time he submitted a seven-page FORM Response. The case was assigned to me on August 10, 2026, and GE 1 to 12, along with the Applicant's FORM Response (AFR) admitting the allegations was admitted without objection.

Findings of Fact

Applicant is a 38-year-old logistics coordinator employed by a defense contractor. He is pending a divorce and has two minor children. Applicant is a high school graduate, earned a bachelor's degree in 2016, and has worked for his employer for about six years. Applicant, who is an honorably discharged Army veteran, has previously held a security clearance. (GE's 3, 12)

The SOR, alleges ten delinquent debts totaling approximately $56,500 consisting of charge-offs and collections. The debts are also listed on Applicant's credit reports. Applicant admitted all the allegations in the SOR with explanations and explained that a payment plan was in place. (GE's 2, 5-9)

Applicant's financial difficulties developed over several years due to a combination of reduced income, the pandemic, and the financial strain associated with his divorce proceedings. Applicant submitted documentation concerning his payment plan and how he has lived up to his obligations under it. (GE's 2, AFR)

GUIDELINE F: SOR Financial Considerations

1.a. Applicant had a debt on an account that was charged off in the approximate amount of $1,112. He admitted to this debt in his Answer to the SOR, detailing a payment plan was in place and the debt would be paid in full by May 1, 2026. Applicant fulfilled his obligation and provided documentation that this debt was paid. (GE 2, AFR)

1.b. Applicant had a debt on an account that was charged off in the approximate amount of $1,959. He admitted to this debt in his Answer to the SOR, annotating that a payment plan was in place and the debt would be paid in full by June 9, 2026. Applicant fulfilled his obligation and provided documentation that this debt was paid. (GE 2, AFR)

1.c. Applicant had a debt on an account that has been placed for collection in the approximate amount of $2,753. He admitted to this debt in his Answer to the SOR, annotating that it had been paid in full and provided documentation of such. (GE 2, AFR)

1.d. Applicant has a debt on an account that was charged off in the approximate amount of $17,558. He admitted this debt in his Answer to the SOR. In his Answer, Applicant addressed both 1.d and 1.e together which have a combined value of approximately $36,000, annotating that they are both now being handled by a third party. Applicant provided documentation that a structured payment plan is in place and the total debt has been reduced to under $11,000. (GE 2, AFR)

1.e. Applicant has a debt on an account that was charged off in the approximate amount of $18,287. He admitted this debt in his Answer to the SOR. In his Answer, Applicant addressed both 1.d and 1.e together which have a combined value of approximately $36,000, annotating that they are both now being handled by a third party. Applicant provided documentation that a structured payment plan is in place and the total debt has been reduced to under $11,000. (SOR, GE 2, AFR)

1.f. Applicant has a debt on an account placed for collection in the approximate amount of $8,608. He admitted to this debt in his Answer to the SOR, annotating that a payment plan was in place. Applicant provided documentation that he is making payments, and the debt's total balance is currently less than $6,000. (GE 2, AFR)

1.g. Applicant has a debt on an account placed for collection in the approximate amount of $4,315. He admitted to this debt in his Answer to the SOR, annotating that a payment plan was in place. Applicant provided documentation that he is making consistent payments on this debt. (GE 2, AFR)

1.h. Applicant had a debt on an account placed for collection in the approximate amount of $163. He admitted to this debt in his Answer to the SOR, annotating that it was paid in full and provided documentation of such. (GE 2, AFR)

1.i. Applicant had a debt on an account that was charged off in the approximate amount of $212. He admitted to this debt in his Answer to the SOR, annotating that it was paid in full and provided documentation of such. (GE 2, AFR)

1.j. (Amendment) Applicant had a debt on an account that was charged off in the approximate amount of $1,454. Applicant admitted to this debt in AFR, annotating that it was paid in full and provided documentation of such. (GE 2, AFR)

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 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.

The SOR, including the Amendment, alleges ten delinquent debts totaling approximately $56,500 consisting of charge-offs and collections. AG ¶¶ 19(a) and 19(c) are applicable.

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

Applicant suffered a financial setback because of COVID, reduced income, and the financial strain his divorce put him under. However, he has either paid off or is actively paying all his debts. He is in a much better financial position now, is living up to his obligations, and has acted reasonably and responsibly. Applicant's delinquent debt occurred under circumstances unlikely to recur, and he has demonstrated current reliability, trustworthiness, and good judgment. AG ¶¶ 20(a), 20(b) and 20(d) apply. Accordingly, I conclude Applicant has mitigated the financial considerations security concerns.

In support of these findings, I cite the Appeal Board's decision in ISCR Case No. 07-06482 at 3 (App. Bd. May 21, 2008) as proposition that the adjudicative guidelines do not require that an applicant be debt-free. The Board's guidance for adjudications in cases such as this is the following:

> . . . an applicant is not required, as a matter of law, to establish that he has paid off each and every debt listed in the SOR. All that is required is that an applicant demonstrate that he has established a plan to resolve his financial problems and taken significant actions to implement that plan. The Judge can reasonably consider the entirety of an applicant's financial situation and his actions in evaluating the extent to which that applicant's plan for the reduction of his outstanding indebtedness is credible and realistic. There is no requirement that a plan provide for payments on all outstanding debts simultaneously. Rather, a reasonable plan (and concomitant conduct) may provide for the payments of such debts one at a time. (Internal citations and quotation marks omitted.)

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, and I also considered Applicants honorable military service.

Overall, the record evidence leaves me without questions or doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant has mitigated the financial consideration 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:	For Applicant
Subparagraph 1.a through 1.j.	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is clearly consistent with the interests of national security to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is granted.

JEFF A. NAGEL
Administrative Judge