DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00379
	)	
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Aubrey De Angelis, Department Counsel
For Applicant: *Pro se*

08/17/2026

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Decision

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LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On August 1, 2025, Applicant submitted a security clearance application (e-QIP). On April 27, 2026, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCAS CAS) issued Applicant a Statement of Reasons (SOR), 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; 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 May 5, 2026, and requested a hearing before an administrative judge. The case was assigned to me on June 1, 2026. The Defense Office of Hearings and Appeals issued a notice of hearing on June 9, 2026, and the hearing was convened as scheduled on July 15, 2026. The Government offered seven exhibits, referred to as Government Exhibits 1 through 7, which were admitted without objection.

Applicant offered three exhibits, referred to as Applicant's Exhibits A through C, which were admitted without objection. The record remained open following the hearing to allow the Applicant the opportunity to submit additional supporting documentation. Applicant submitted eighteen exhibits, referred to as Applicant's Post-Hearing Exhibits A-1, and A-2 through R, (although listed, no Exhibit J or S was submitted) which were admitted without objection. Applicant testified on his own behalf. DOHA received the final transcript of the hearing (Tr.) on July 27, 2026.

Findings of Fact

Applicant is 35 years old. He is divorced and has two children. He has a high school diploma, and has completed a five-year apprentice program, earning a Journeyman Electrician Certificate. He holds the position of Union Electrician for a defense contractor. He obtained his first security clearance in 2022. He is seeking to retain his 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 alleged that Applicant has five delinquent accounts owed to creditors that were either placed for collection or charged off totaling approximately $44,369. In his answer, Applicant admits each of the allegations set forth in the SOR. Credit reports of the Applicant dated July 24, 2024; August 6, 2025; December 10, 2025; and May 18, 2026, confirm that he is indebted to each of the creditors listed in the SOR. (Government Exhibits 4, 5, 6 and 7.)

Applicant began working for his current employer in March 2019. He purchased a house in 2021. In June 2022, he got married, and has two children from the marriage. He provides all of the financial support for the family. His wife did not work outside the home. In January 2024, he filed for divorce due to his wife's infidelity. The divorce was final in October 2024. The divorce decree allowed each party to walk away with their own assets, and they have joint custody of the children. Applicant pays no alimony or child support. He is currently working 32 hours a week in order to spend more time with his children during the summer. He earns $65 an hour. He was able to keep the house.

Applicant explained that in 2021 and in 2022, while married, he began to have financial difficulties. To help get through it, he applied for several loans that are listed in the SOR. He was able to keep up with all of the payments for a while. Then, a series of unexpected traumatic life events occurred that caused his financial problems. In 2022 or 2023, he had surgery on his wrist, and missed five months of work. His out-of-pocket medical bill was $26,000. By this time, he had stopped making payments on the loans. During Covid, he got sick several times, and missed about two months of work. He did not get sick pay. Although he was on disability during these periods, he received only 75 percent of his pay which did not cover all of his bills. In 2023, his father passed away, which caused the Applicant to become depressed. About this same time, Applicant learned that his wife was having an affair, and he filed for divorce. He stated that while he was mourning the loss of his father, his wife was cheating on him the whole time. (Tr. p. 81.) In April 2024, he moved in with his mother and rented out his house. During the government shut down in 2025, his tenant was out of work for three months, and was unable to pay the rent. Applicant fell behind on his mortgage. Applicant was able to set up a forbearance plan and was placed on a rescheduled payment plan to catch up with the payments. He opened up credit cards and obtained more loans to help cover the bills during this period. To deal with his emotional losses, he spent money he did not have and he continued to live beyond his means. This has only complicated his financial problems.

Applicant stated that the past few years have been difficult for him. The divorce and the loss of his father have been devastating for him. To try to make himself feel better, he has been opening new credit card accounts and spending money on leisure and things he has wanted. This past year he believes he spent about $10,000 on entertainment, including fishing trips, going to the gun range, and cruises with his children. He recently booked a trip to take his family to Mexico. He has not been following a budget.

In an effort to correct his wrongs, in 2025, Applicant paid $1,000 for the services of an online credit repair company to assist him in resolving his delinquent debts, which include each of the debts listed in the SOR. They were hired to challenge the collection accounts and dispute any errors. The only way he sees any progress from their work is when he receives updated credit reports. (Tr. p. 47-49.) It was also about this time that he learned of a lawsuit that had been filed against him to collect the loan amount in allegation 1.b. He hired a law firm to assist him in handling the lawsuit. The matter has been settled, and Applicant is currently making payments according to the settlement agreement. (Tr. p. 56.) In regard to the other three loans, Applicant has made no payments to resolve them. He stated that he contacted the respective collection agencies that he thought owned the loan accounts, only to find out that they did not. He stated that he was misdirected several times and gave up. Since he does not know who to pay, he has not paid the debts. Very troubling is that he continues to open new credit card accounts and loans, and is still living beyond his means.

The following delinquent debts listed in the SOR are of security concern:

The debts set forth in allegations 1.a., 1.b., 1.d., and 1.e all originated with the same creditor, but are separate accounts. Applicant was sued to collect the debt in allegation 1.b. and is currently making monthly payments to a company other than the one identified as the holder of the debt in the SOR. Applicant is making the payments in accordance with a stipulated settlement agreement. He stated that he is willing to pay the other debts associated with this same creditor as soon as he knows who the holder of the debt is. Applicant's most recent Transunion credit report dated July 14, 2026; and the updated credit report dated August 3, 2026, no longer show the accounts as owing. (Tr. pp. 60-61, Applicant's Exhibit C, and Applicant's Post-Hearing Exhibit R.)

1.a. Applicant is indebted to a creditor (account #188656330) for a loan he opened in 2022 and last paid in September of that year. The debt was placed for collection in the approximate amount of $27,036. Applicant stated that he contacted the creditor and they stated that they did not own the debt. Then he was told to call another company. He called them, and they directed him somewhere else. The essence of this inquiry is that no one seemed to know who owns the debt for this creditor. Applicant stated that he tried to resolve the debt but does not know who to pay. Applicant's most recent Transunion credit report dated July 14, 2026; and the updated credit report dated August 3, 2026, no longer show the account as owing. (Tr. pp. 60-61, Applicant's Exhibit C, and Applicant's Post-Hearing Exhibit R.)

1.b. Applicant is indebted to a creditor for a loan that was placed for collection in the approximate amount of $13,286. As mentioned above, Applicant was recently sued by the creditor and he reached a settlement agreement in the amount of $9,000 to resolve the debt. Applicant is making monthly payments of $250 that began on February 1, 2026, that will continue for three years when the settlement amount is paid in full. He has paid $1,750 of the $9,000 debt he owes. (Applicant's Exhibit A.)

1.c. Applicant is indebted to a creditor for cable equipment that was placed for collection in the approximate amount of $115. Applicant explained that this debt was for cable equipment that he returned. He contends that he returned the equipment, and is disputing the debt. (Tr. p. 43.) He also stated that he contacted the original creditor and the collection company and they indicate that they do not own the debt in question. This debt is listed with the online debt repair company and is currently being disputed. (Tr. pp. 47-49, Applicant's Exhibit C, and Applicant's Post-Hearing Exhibit R.)

1.d. Applicant is indebted to a creditor (account #1808399858) for a loan that was charged-off. Again, he does not know who to pay the debt to. Applicant stated that the loan was for $5,000. He contacted the creditor, and they stated that they did not own the debt. Applicant asked them who did own the debt, and they did not know. Applicant stated that he tried to resolve the debt but he does not know who to pay. Applicant's Transunion credit report dated July 14, 2026; and the updated credit report dated August 3, 2026, no longer show the account as owing. (Tr. pp. 60-61, and Applicant's Exhibit C, and Applicant's Post-Hearing Exhibit R.)

1.e. Applicant is indebted to a creditor (account #178807041) for a loan that was placed for collection in the approximate amount of $5,218. Applicant stated that he contacted the bank and they stated that they did not own the debt. Applicant asked them who owns the debt and they did not know. Applicant stated that he tried to resolve the debt, but he does not know who to pay. Applicant's Transunion credit report dated July 14, 2026; and the updated credit report dated August 3, 2026, no longer show the account as owing. (Tr. pp. 60-61, and Applicant's Exhibit C, and Applicant's Post-Hearing Exhibit R.)

Applicant's Personal Financial Worksheet dated August 1, 2026, indicates that after making his regular monthly payments, and his monthly installment payment on the delinquent debt listed in 1.b., of the SOR, he has a net remainder of $2,331.59 left at the end of the month. The report also shows that Applicant is current with all of his monthly expenses and his credit cards. He has sufficient discretionary monies to comfortably pay his delinquent debts, but he has not done so. (Applicant's Post-Hearing Exhibit A-1.)

A copy of Applicant's Transunion credit report dated July 14, 2026, shows a credit score of 564. He stated that he is working to improve his credit standing. (Applicant's Exhibit B.) His updated Transunion credit report dated August 3, 2026, reflects a score of 599. (Applicant's Post-Hearing Exhibit R.)

A copy of Applicant's Experian credit report dated July 14, 2026, reflects a credit score of 599. He stated that he is working to improve his credit standing. (Applicant's Exhibit C.)

Applicant submitted documentary evidence of his updated payment history that includes all of his debts, and all of the accounts current. They include, Applicant's mortgage that is current; five credit cards accounts are current; a personal loan is current; an auto loan is current; three department store credit cards are current; two pay day loans are current, a line of credit is current; and the loan referred to in allegation 1.b. of the SOR is current. (Applicant's Post-Hearing Exhibits A through R, (excluding J and S which were not submitted).)

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. Three are potentially applicable in this case:

(a) inability or unwillingness to satisfy debts;

(c) a history of not meeting financial obligations; and

(e) consistent spending beyond one's means or frivolous or irresponsible spending, which may be indicated by excessive indebtedness, significant negative cash flow, a history of late payments or of non-payment, or other negative financial indicators.

Circumstances beyond the Applicant's control, namely a divorce, an expensive surgery, periods of Covid sickness, and his father's death all negatively impacted his finances, and his ability to pay his bills. To make things worse, Applicant continued to spend beyond his means, and took out loans to cover his expenses that he has not paid back. His actions or inactions both demonstrated a history of not addressing his debt in a timely fashion 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.

As noted above, Applicant has experienced some very unexpected and traumatic life events. To deal with his emotional losses, he deliberately spent money he could not afford to, which made things worse. Although he states that he has recently re-directed his focus at resolving his delinquent debts, he has not done enough. He is currently paying only one of the four delinquent debts listed in the SOR. The four debts that remain amount to approximately $37,369, and have not been paid. He claims that he cannot determine who to pay, but that is his obligation to find out. Applicant's claim that he cannot determine who the debts are owed to is simply not a good excuse. He may find it time consuming, frustrating, and a real hassle, but these are his delinquent debts, and his responsibility to pay. He has not demonstrated that he has made a good faith effort to resolve these debts.

Throughout the hearing, Applicant was truthful, honest, and candid, and I found his testimony to be credible. He admitted that emotionally he has not felt well since his divorce and his father's death, and he has not focused on his delinquent debts. It took several years before he could bring himself to focus on his delinquent debts. In 2025, he hired an online credit repair company to look into the debts, and an attorney to handle his lawsuit settlement, but not much progress has been made. He has made about seven payments of $250 towards the delinquent debt set forth in 1.b., of the SOR, which amounts to only $1,750 towards a debt of $9,000. The other four debts have not been paid at all. If Applicant truly wanted to pay his delinquent debts he would have found a way to get it done. It is his obligation and responsibility to find out who now owns the debts, and to pay them.

Simply because the debts have now fallen off of his credit report does not show good judgment or that he has been financially responsible. It only shows that he has avoided paying his debts and he has been irresponsible. In the future, Applicant may decide to become diligent about resolving his debts and live within his means. At that time, he may be able to demonstrate that he is financially responsible. Then, he may reapply for a security clearance one year after his denial assuming he has a sponsor. At this time, however, he falls short of meeting these requirements.

In order to be eligible for a security clearance an individual must be responsible and trustworthy in every aspect of life, including finances. Applicant has not paid four of the five debts listed in the SOR. Applicant has not shown the requisite good judgment, trustworthiness, and responsibility to access classified information. There is insufficient evidence in the record to show that the Applicant has carried his burden of proof to establish mitigation of the government security concerns under Guideline F.

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. Applicant must resolve his delinquent debts and live within his means in order to demonstrate that he is financially responsible. He has not done that.

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
Subparagraph 1.a.	Against Applicant
Subparagraph 1.b.	For Applicant
Subparagraphs 1.c., 1.d., and 1.e.	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