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**United States Department of Energy  
Office of Hearings and Appeals**

In the Matter of: Personnel Security Hearing )  
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Filing Date: March 6, 2026 ) Case No.: PSH-26-0067  
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Issued: May 27, 2026

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**Administrative Judge Decision**

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Andrew Dam, Administrative Judge:

This Decision concerns the eligibility of XXXXXXXXXXXXXXXX (the Individual) to hold access authorization under the United States Department of Energy’s (DOE) regulations, set forth at 10 C.F.R. Part 710, “Procedures for Determining Eligibility for Access to Classified Matter and Special Nuclear Material or Eligibility to Hold a Sensitive Position.”<sup>1</sup> As discussed below, after carefully considering the record before me in light of the relevant regulations and the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (June 8, 2017) (Adjudicative Guidelines), I conclude that the Individual’s access authorization should not be restored.

**I. BACKGROUND**

The Individual holds access authorization in connection with his employment through the United States government. Exhibit (Ex.) 2 at 1.<sup>2</sup> The Local Security Office (LSO) accessed a credit report as part of the Continuous Evaluation System (CES), revealing that the Individual was 180 days past due on his mortgage by \$116,510. Ex. 4, Part 1 at 18–19. In his April 2025 response to a Letter of Interrogatory (LOI), the Individual acknowledged not self-reporting this delinquency as required by DOE reporting requirements<sup>3</sup> and estimated that he had first become delinquent on the mortgage in February 2024. Ex. 9 at 1–2, 5 (April 2025 LOI response). He cited to his property

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<sup>1</sup> The regulations define access authorization as “an administrative determination that an individual is eligible for access to classified matter or is eligible for access to, or control over, special nuclear material.” 10 C.F.R. § 710.5(a). This Decision will refer to such authorization as “access authorization” or “security clearance.”

<sup>2</sup> The DOE submitted its exhibits as separate PDF files. References to the DOE’s exhibits are to the exhibit number and the PDF file page number. Exhibit 4 was sent as four separate PDF files and citations to Exhibit 4 will be to “Exhibit 4, Part 1”; Exhibit 4, Part 2”; “Exhibit 4, Part 3”; and “Exhibit 4, Part 4.”

<sup>3</sup> DOE O 472.2A, Attach. 5 ¶ 6(b) requires that “[t]he following occurrences . . . must be reported to the appropriate CPSO [Cognizant Personnel Security Office] immediately, but in no event later than three (3) working days after the occurrence[:]. . . Financial anomalies including, but not limited to: (1) Bankruptcy; (2) Wage garnishment; (3) Delinquency more than 120 days on any debt; [and] (4) Unusual infusions of assets . . .” (emphasis added).

taxes increasing, renovations and repairs to his real properties, vehicle costs, other costs, and a failure to adjust his family's spending—all culminating in him depleting his cash reserves, utilizing credit cards, and falling behind on his mortgage. *Id.* at 2–3. The Individual also reported to the LSO that, leading up to and occurring after the mortgage delinquency, he had engaged in foreign travel to (1) Sint Maarten and Saint Barthelemy in April 2024; (2) Honduras, Mexico, and Belize in March 2025; and (3) Japan in August 2025. Ex. 12 at 1 (April 2024 Personnel Security Information Reporting Form (PSIR)); Ex. 11 at 1 (February 2025 PSIR); Ex. 8 at 1 (July 2025 PSIR). In April 2025, the Individual also provided a Personal Financial Statement (PFS) to the LSO, disclosing that even after paying all expenses, including his monthly mortgage payment, he would have a monthly remainder of \$4,000. Ex. 10 at 3.

In his April 2025 LOI Response, the Individual represented that he could, among other options, sell a rental property to pay off the delinquent debt. Ex. 9 at 2. The Individual indicated that he would “commit to being fully transparent” and would “provide regular updates as [he] work[s] to satisfy the outstanding debt.” *Id.* at 3. In July 2025, the lender filed a foreclosure complaint against the Individual for his mortgage delinquency. Ex. 6 at 1–2. The LSO only learned of the update when it accessed the Individual's September 23, 2025, credit report. Ex. 4, Part 1 at 3–4 (credit report); Ex. 5 at 3–4, 12–13 (November 2025 LOI Response). In a November 2025 LOI response, the Individual acknowledged having failed to provide the LSO with an update on the status of the delinquent account. Ex. 5 at 3.

Due to the unresolved security concerns associated with his finances and failures to report, the LSO suspended the Individual's clearance. Ex. 3 at 1. In January 2026, the LSO sent him a Notification Letter informing him that it possessed reliable information creating substantial doubt regarding his eligibility to hold a security clearance. Ex. 2 at 1–6. In an attachment to the letter entitled Summary of Security Concerns (SSC), the LSO explained that the derogatory information raised security concerns under Guidelines E and F of the Adjudicative Guidelines. *Id.* at 4–6.

The Individual exercised his right to request an administrative review hearing pursuant to 10 C.F.R. Part 710. Ex. 2 at 10. The Director of the Office of Hearings and Appeals (OHA) appointed me as the Administrative Judge in this matter, and I subsequently conducted an administrative review hearing. The DOE submitted nine numbered exhibits (Ex. 1–9) into the record. The Individual submitted eight exhibits labeled with letters (Ex. A–H).<sup>4</sup> The Individual testified on his own behalf and offered the testimony of four other witnesses: (1) his former supervisor (Former Supervisor), (2) a work colleague (Colleague), (3) a friend of over 30 years and professional colleague (Friend), and (4) a former supervisee (Former Supervisee). *See* Transcript of Hearing, OHA Case No. PSH-26-0067 (hereinafter cited as “Tr.”) at 7. The DOE called no witnesses. *Id.*

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<sup>4</sup> The Individual's exhibits were submitted as three PDF files, the first comprised of Exhibits A through E, the second comprised of Exhibits F through G, and the third comprised solely of Exhibit H. References to the Individual's exhibits are to the exhibit letter and PDF page number in the applicable file.

## II. NOTIFICATION LETTER AND THE ASSOCIATED SECURITY CONCERNS

### a. Guideline F

Guideline F relates to the “[f]ailure to live within one’s means, satisfy debts, and meet financial obligations . . .” Adjudicative Guidelines at ¶ 18. These behaviors “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 . . . information.” *Id.* Among the conditions set forth in this guideline that could raise a disqualifying security concern are the “inability to satisfy debts; unwillingness to satisfy debts regardless of the ability to do so; . . . [and] consistent spending beyond one’s means . . .” *Id.* at ¶ 19(a)–(b), (e).

The SSC characterized the Individual as having “demonstrated an inability and unwillingness to satisfy debts” and “consistently spen[d] beyond his means.” Ex. 2 at 4. In particular, the SSC cited to the Individual’s (1) delinquent mortgage brought on by the “combination of [ ] increased credit card payments, cost of living expenses, and revolving debt . . .”; (2) admission that he had the means to resolve the delinquent mortgage—selling another rental property—but chose not to do so; (3) admission that he failed to adjust his family’s spending habits and engaged in foreign travel in April 2024, March 2025, August 2025; and (4) April 2025 PFS disclosing that he had a monthly remainder of approximately \$4,000 after accounting for all his expenses yet had not resolved the delinquent account. *Id.* at 4–5. The cited information justifies the DOE’s invocation of Guideline F.

### b. Guideline E

Guideline E relates to questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations. Adjudicative Guidelines at ¶ 15. The refusal to be truthful and honest during the administrative review process is especially concerning. *Id.* Conditions that could raise a concern under Guideline E include “deliberately providing false or misleading information; or concealing or omitting information, concerning relevant facts to an employer, investigator, [or] security official . . . involved in making a recommendation relevant to a national security eligibility determination . . .” *Id.* at ¶ 16(b).

In citing Guideline E, the LSO relied upon (1) the Individual’s acknowledgment in his April 2025 LOI Response that he originally chose not to disclose his delinquent mortgage as required by DOE O 472.2 and (2) his failure to affirmatively report that his mortgage had moved into foreclosure status in contravention of both the reporting requirements and his April 2025 assertion to the LSO that he would be transparent regarding the status of the account. Ex. 2 at 6–7. There is sufficient derogatory information in the DOE’s possession to raise security concerns under Guideline E.

## III. REGULATORY STANDARDS

A DOE administrative review proceeding under Part 710 requires me, as the Administrative Judge, to issue a decision that reflects my comprehensive, common-sense judgment, made after consideration of all the relevant evidence, favorable and unfavorable, as to whether the granting or continuation of a person’s access authorization will not endanger the common defense and

security and is clearly consistent with the national interest. 10 C.F.R. § 710.7(a). The regulatory standard implies that there is a presumption against granting or restoring a security clearance. *See Department of Navy v. Egan*, 484 U.S. 518, 531 (1988) (“clearly consistent with the national interest” standard for granting security clearances indicates “that security determinations should err, if they must, on the side of denials”); *Dorfmont v. Brown*, 913 F.2d 1399, 1403 (9th Cir. 1990) (strong presumption against the issuance of a security clearance).

The Individual must come forward at the hearing with evidence to convince the DOE that granting or restoring access authorization “will not endanger the common defense and security and will be clearly consistent with the national interest.” 10 C.F.R. § 710.27(d). The Individual is afforded a full opportunity to present evidence supporting his eligibility for access authorization. The Part 710 regulations are drafted to permit the introduction of a very broad range of evidence at personnel security hearings. Even appropriate hearsay evidence may be admitted. *Id.* § 710.26(h). Hence, an individual is afforded the utmost latitude in the presentation of evidence to mitigate the security concerns at issue.

#### IV. FINDINGS OF FACT

##### a. The Individual’s Background and Three Real Properties

The Individual has held a clearance for over 28 years. Tr. at 18. The Individual married his wife (Wife) in 2007, and they have one son. *Id.* at 34; Ex. 4, Part 2 at 6. The Individual owns three, separate real properties: Property 1, Property 2, and Property 3. Tr. at 20. In about June 2021, the Individual purchased and moved into Property 1. *Id.* at 20–21. Between 2006 and 2021, the Individual and his family resided in Property 2, located in the same city as Property 1. *Id.* at 20. After moving out of Property 2, he began renting said property out in about August 2021. *Id.* at 22. The Individual testified that he inherited Property 3, an out-of-state property, from his father. *Id.* He did not provide a specific date he inherited the property; however, his father passed away, and an estate proceeding was opened in around 2012. Ex. 4, Part 4 at 35.

In a personal financial statement that the Individual “provided . . . in mid-April . . . [o]f 2026[,]” the Individual reported the following regarding the real properties:

Real Property	Property Value	Mortgage Balance	Monthly Mortgage Payment
Property 1	\$2,036,000	\$1,300,000	\$7,000
Property 2	\$774,000	\$542,700.50	\$3,207.98
Property 3	\$1,535,000	\$101,474.28	\$667.29

Ex. B at 8–9 (April 2026 PFS). The Individual further indicated that he receives monthly rental income of \$4,650 and \$3,100 for Properties 2 and 3 respectively. *Id.* at 8.

### **b. The Individual's Increased Costs, Failure to Control Spending, and Delinquency**

When the Individual initially purchased Property 1 in 2021, he estimated his monthly mortgage payment as \$5,482.92. Ex. 9 at 1. At the time, the Individual estimated he also had about \$100,000 in “cash reserves” which he planned on using on “clean-up, minor renovations[,] and furnishing.” *Id.* The Individual indicated that in 2022, his property value was re-assessed and that his monthly mortgage payment increased to \$7,000. *Id.*<sup>5</sup> The Individual stated that the “clean-up, renovations, furnishing, and monthly upkeep” of Property 1 exceeded his budget. *Id.* He further indicated that repairs were needed at the rental properties in 2022 and that, in 2023, his car payments increased. *Id.* He also generally stated that cost-of-living expenses increased due to inflation. *Id.* The Individual reported that “[t]hese circumstances resulted in [him] utilizing the cash reserves entirely and utilizing [his family’s] credit cards way more than expected or intended [ ].” *Id.* at 2; *see also* Tr. at 24–28 (Individual’s testimony regarding increased property tax assessment on Property 1, increased vehicle costs, and other expenses).

The Individual chose to meet other monthly obligations in lieu of his mortgage on Property 1, and he also failed to adequately adjust his spending, “hoping that the situation just needed a little more time to turn around . . . .” Ex. 9 at 2. The Individual reported in his April 2025 LOI Response that he became delinquent on his Property 1 mortgage in February 2024, meaning he stopped making payments in at least January 2024. *Id.* at 1. In his testimony, the Individual acknowledged that he may have started missing mortgage payments on Property 1 starting in November or December 2023, and that he paid those initial missed payments late but then stopped paying entirely going into 2024. Tr. at 99.

Despite having been delinquent on his mortgage since at least February 2024, the Individual and his family took several foreign vacations to (1) Sint Maarten and Saint Barthelemy in April 2024; (2) Honduras, Mexico, and Belize in March 2025; and (3) Japan in August 2025. Ex. 12 at 1; Ex. 11 at 1; Ex. 8 at 1. Regarding these trips, the Individual provided testimony that minimized the expenses, presumably to appear more fiscally responsible despite taking these trips while delinquent on his mortgage. For example, the Individual testified that his family planned the April 2024 trip prior to his default on the mortgage and claimed that the costs were minimal because he owns a timeshare there. Tr. at 127. However, the Individual provided no testimony or supporting documentation regarding the costs of activities on this vacation and could not recall “what the cost of the flights [were] off the top of [his] head.” *Id.* at 127–28.

The Individual also testified that he and his family, in September 2024, planned the March 2025 trip and the June 2025 trip to Japan—notably several months after having been delinquent on his mortgage. *Id.* at 95, 129. The Individual indicated that the March 2025 trip was a “cruise” and justified the expense as “significantly cheaper” than flying to each of those locations. *Id.* at 36. He estimated the total cost of this trip was \$2,000, including flights, but he provided no supporting documentation such as receipts. *Id.* at 129.

Similarly, the Individual acknowledged that “Japan seems like an expensive and exotic trip” but proceeded to provide several dubious explanations for why going to Japan was “actually . . . very

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<sup>5</sup> The Individual submitted a document from the local tax authority that corroborates that his assessed property value increased from about \$1.09 million to \$1.65 million from 2021 to 2023. Ex. A at 4–5.

cheap.” *Id.* at 96. For example, the Individual indicated that the “dollar [was] very strong against the yen” and that they “stayed in places where [they] could do a lot of [their] own cooking.” *Id.* He estimated that each plane ticket was not expensive “something like \$500 each, give or take, to get out there.” *Id.* When asked how much he spent on the trip total, the Individual estimated approximately “[\$]4,000, including flights.” *Id.* at 129–30. The Individual provided no supporting documents, such as receipts confirming the total amount he spent on the costs of housing, activities, food, and transportation for his three-person family on a ten-day trip.

### c. The Individual’s Failure to Report and Resolve Delinquency

As stated above, DOE O 472.2A, Attach. 5 ¶ 6(b) required the Individual to report financial anomalies to the LSO, including any “[d]elinquency [of] more than 120 days on any debt[.]” *See supra* n. 3. The Individual never affirmatively reported that he fell behind on his mortgage. Ex. 9 at 2–3 (“In hindsight, this delinquency should have been disclosed . . . I did not validate specific reporting requirements.”). Instead, the LSO learned of the delinquency through the CES, which accessed a credit report in March 2025, demonstrating that his account was “120 or more days past due with a past due balance of \$116,510.” *Id.* at 5.

At the hearing, the Individual indicated that it was not “entirely accurate” to say that he “chose not to report” the delinquent mortgage on Property 1: “I don’t know that I consciously knew that I had to report it . . .” Tr. at 38–39. He rationalized that he had not made a “conscious decision to not report” and attempted to bolster his credibility by offering that in other circumstances he reported other personal information to the LSO, such as foreign family members. *Id.* at 39. However, the Individual filled out Questionnaires for National Security Positions (QNSPs) in 2013 and 2019—both of which asked the Individual, “**In the past seven (7) years**, [have you] been over 120 days delinquent on any debt . . . ?” Ex. 4, Part 2 at 50 (emphasis in original); Ex. 4, Part 4 at 19 (emphasis in original). In his 2019 QNSP, he knew to disclose that he failed to file his state tax returns for tax years 2016 and 2017. Ex. 4, Part 2 at 49. Both facts evince that the Individual had awareness that financial issues were of concern to the LSO.

The Individual submitted PSIRs for foreign travel further evincing some awareness of the affirmative reporting requirements and the related forms for meeting those affirmative requirements. *See* Ex. 12; Ex. 11; Ex. 8. He also admitted at the hearing that he found his financial situation “embarrassing” and “not something that [he] wanted to talk with people about . . .” Tr. at 54. I also weigh rather heavily—as further discussed in Section IV(d)—that even when the Individual acknowledged and committed to providing updates to the LSO regarding the delinquency, the Individual failed to self-disclose that his mortgage moved into foreclosure status: that the Individual failed to report when there is no dispute he had notice of his duties tends to show that this earlier failure to report cannot be characterized as a mere slip up. Ex. 5 at 12; *see also* Ex. 4, Part 1 at 4.

In summary, the record consists of the 28 years the Individual has held a clearance, the explicit language in the QNSPs he submitted which make clear that financial issues were of concern to the LSO, his prior disclosure of derogatory financial information in his 2019 QNSP, his pattern of reporting other information in the PSIRs, his admission that he did not want to share his financial situation due to feelings of embarrassment, and the Individual’s later failure to affirmatively

disclose that the mortgage had moved into foreclosure despite an earlier commitment to providing updates. Given that record, I find it highly unlikely that the Individual simply forgot to report his delinquent mortgage to the LSO. Instead, this behavior highlights minimization—both in his financial status and his dishonesty—that undermines his credibility.

On March 27, 2025, the LSO transmitted the LOI to the Individual with questions about his finances and his failure to report. Ex. 9 at 5–6. The Individual provided his April 2025 LOI Response. *Id.* at 1–4. In his April 2025 LOI Response, the Individual explained that he had failed to report the mortgage delinquency because he was “focusing on [ ] potential solutions” instead. *Id.* at 3. The Individual described his options in his April 2025 LOI Response:

1) a payment plan to catch up on the late payments, 2) working with the Department of Veterans Affairs (VA) and [the lender] to take part in the Veterans Affairs Servicing Purchase program, or 3) selling a rental property and use the cash out to make [the mortgage on Property 1] current. [The lender] owes me some paperwork this week on option 1, and I have reached out to the VA on option 2. If nether [sic] option is viable, I have renters moving out of a property in August 2025 and could sell the home in August to pay [the lender] the late payments by then. In the meantime, I intend to make regularly monthly payments on [Property 1] so that I don’t fall further behind.

*Id.* at 2.

Regarding his discussions with the VA, the Individual testified that the VA was “not very helpful” since the answer he received was to “work with the bank.” *Id.* at 29. The Individual referenced research into two VA programs; however, according to his own research, the Individual shared that one of those programs has been cancelled and the other has not been implemented. Ex. 5 at 2–3.

In his April 2025 PFS, the Individual reported that his monthly remainder, after paying all his expenses, including his monthly mortgage on Property 1, was \$4,004.78. Ex. 10 at 3. He also reported that he had \$10,000 and \$29,500 in his savings and checking account respectively. *Id.* The Individual at around this time also owed an outstanding balance on an American Express credit card; the Individual reported entering a settlement which required him to pay \$10,000 in full by mid-May 2025. Ex. 5 at 1; Tr. at 134–35.

**d. The Individual’s Foreclosure Proceeding, Continued Spending Beyond his Means, and Failure to Provide an Update**

The lender initiated a foreclosure action in July 2025—seventeen months from when he became delinquent on his mortgage payments in February 2024. Ex. 6 at 1–2. The Individual testified to not receiving notice of the foreclosure action until late August 2025, after returning from Japan. Tr. at 37–38. The Individual also noted that he was delayed in discovering notice of the foreclosure action given an illness he contracted. *Id.* at 38.

The Individual, at the hearing, reported that he was “incorrectly hopeful” that the lender would want to “work something out” prior to the point of foreclosure. *Id.* at 28. From the Individual’s own testimony, however, the lender was rather clear that the option available was to pay what he owed and communicated to him the consequences of his continued failure to pay: “Their answer to me was, [‘]pay everything you owe or else . . . .[’]” *Id.* at 29. The Individual testified that he had not been given “advance warning” by the lender that they were filing a foreclosure action in court; however, the Individual acknowledged that the lender “told [him] that . . . foreclosure is obviously a potential outcome . . .” and estimated that he had been informed of this in the spring of 2025. *Id.* at 133–34.

After receiving notice of the foreclosure in late August 2025, the Individual did not affirmatively disclose to DOE that his delinquent mortgage had moved into foreclosure. Instead, in late September 2025, one month after the Individual learned about the foreclosure action, the LSO accessed his credit report and learned that the account had moved into foreclosure status with a “past due balance of \$158,231.” Ex. 5 at 12; *see also* Ex. 4, Part 1 at 4. In October 2025, the LSO sent the Individual a LOI requesting, among other things, that he provide further information regarding the status of the delinquency and his failure to provide updates and that he complete another PFS. Ex. 5 at 12.

The Individual provided his response and PFS in November 2025. *See generally* Ex. 5. In the November 2025 PFS, the Individual reported that his monthly remainder, after paying all expenses including his monthly mortgage on Property 1 was \$3,405.45. Ex. 5 at 8. The Individual, in his April 2025 PFS, had budgeted for the \$7,000/month mortgage payment for Property 1, although he had not actually resumed paying his mortgage at that time, and still estimated \$4,000/month left over. *See* Ex. 10 at 3. The Individual—if he had set that \$7,000 aside during the eight months between April 2025 PFS and November 2025 PFS—would have accumulated \$56,000. If he had also set aside the excess \$4,000/month, he would have had in total \$88,000.

Clearly, the Individual had not saved any of that money where his November 2025 PFS reflects *less* money in his checking and savings accounts than what he reported in April 2025. *Compare* Ex. 5 at 8 (November 2025 PFS reflecting that he had \$8,900 and \$18,500 in his savings and checking account respectively) *with* Ex. 10 at 3 (April 2025 PFS reporting \$10,000 and \$29,500 in his savings and checking account respectively). The Individual, in his November 2025 LOI Response, made many representations about further expenses that prevented him from resuming mortgage payments and from saving money, such as paying the \$10,000 to American Express in mid-May 2025; problems with his rental properties that resulted in a decline in revenue and increased costs; vehicle and appliance repairs between August and October 2025; and costs associated with his illness. Ex. 5 at 1–2; *see also* Tr. at 131–32.<sup>6</sup>

In his November 2025 LOI Response, the Individual also indicated that he was “in discussions with [the lender] to recommence monthly payments in order to work towards satisfying the

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<sup>6</sup> At the hearing, the Individual confirmed that he has two credit cards balances that have largely remained unchanged between the completion of his April 2025 PFS and his April 2026 PFS. Tr. at 68; *compare* Ex. B at 9 (reflecting credit card debt of \$19,285 and \$20,836) *with* Ex. 10 at 3 (reflecting credit card debt of \$18,208.03 and \$21,536.98). The Individual testified that he has been simply making “minimum payments on those” and that he has been unable to resolve these debts given the issues he “listed in [the] November [2025] interrogatory . . . response . . . .” Tr. at 68.

delinquent debt.” Ex. 5 at 2; *see also id.* (“I am working with [the lender] to make a payment for November [2025], and months going forward.”). This explicitly contradicts what the Individual later stated during the hearing, where he testified that the lender initially would not take anything but for a lump sum payment: “[T]hey [the lender] wouldn’t accept any partial payments. They wanted everything paid up.” Tr. at 43–44. When asked for further clarification, the Individual reasserted: “[T]he way it was explained to me [by the lender] . . . unless there’s either an agreed-upon modification or I paid them everything, they wouldn’t let me continue to make monthly payments.” *Id.* at 132–33.

When asked why he had not affirmatively reported that the mortgage on Property 1 had moved into foreclosure status, the Individual provided, in his November 2025 LOI Response, that he “was focused on issue resolution” and “lost focus on issue reporting.” Ex. 5 at 3. He also blamed his illness and returning to work after his trip to Japan. Tr. at 103. The explanation that he was focused on “issue resolution” appears dubious. Since submitting his April 2025 LOI Response, the Individual made no real progress towards “issue resolution” where the facts only demonstrate that he became even more delinquent on the mortgage, travelled to Japan, and failed to save any money towards resolution of his mortgage.

Furthermore, all the reasons the Individual gave for failing to provide the LSO with an update are unpersuasive considering the following. The LSO had made the Individual aware of the concerns about the Individual’s failure to affirmatively provide derogatory information in a March 2025 LOI. Ex. 9 at 5–6. In the April 2025, LOI Response, the Individual acknowledged his failure to meet that obligation. *Id.* at 2. In the same April 2025 LOI Response, the Individual made an explicit “commit[ment] to being fully transparent and provid[ing] regular updates . . .” to the LSO. *Id.* at 3. I simply cannot credit that he “lost focus on issue reporting” where the LSO so explicitly communicated the reporting issue to the Individual and where the Individual so explicitly acknowledged and committed to addressing his reporting requirements. This is instead yet another example of an ingenuine explanation from the Individual that undermines his credibility.

#### **e. Post-Foreclosure Efforts to Resolve the Delinquency**

In his November 2025 LOI Response, the Individual detailed various VA programs and services he researched and contacted to assist with resolution of the debt. Ex. 5 at 2–3. At the hearing, the Individual testified that a VA contact person helped him reach out to the lender for a loan modification. Tr. at 85–86. Then, in December 2025, the lender offered the Individual a loan modification plan though he rejected the offer because the Individual found the terms unfavorable. *Id.* at 31, 82–83.

In his November 2025 LOI Response, he also indicated that he was “re-renting” Property 2, making the sale of Property 2 a less viable option for resolving the Property 1 mortgage delinquency. Ex. 5 at 3. The lease on Property 2 expires in July or August 2027. Tr. at 44–45. In his November 2025 LOI Response, the Individual indicated the lease on out-of-state Property 3 would expire in March 2026 and that he could still sell this property as a “last resort . . .” Ex. 5 at 3. However, at the hearing, the Individual confirmed that he had extended the lease on Property 3 to March 2027, effectively limiting his ability to sell this property expeditiously to resolve the delinquent debt on Property 1. Tr. at 44.

The Individual hired an attorney to represent him in the foreclosure matter, who authored a letter for entry into the record:

I have entered my appearance in the [foreclosure] case as [the Individual's] attorney, and I am negotiating with [the] mortgage lender in an attempt to avoid further litigation. The court recently allowed us another 60 days to continue to negotiate a mortgage modification, setting a status conference for June 26.

Ex. G at 6. The Individual confirmed that, as of the hearing date, no settlement had been reached. Tr. at 45. After the hearing, the Individual submitted a letter indicating that he had paid a \$4,500 retainer to the foreclosure attorney and that he expected the retainer to cover the entirety of the attorney's fees. Ex. H at 3. At the hearing, the Individual indicated that he is hoping that the monthly mortgage payment would not go up "more than \$500 a month" which seemed "reasonable" to him. Tr. at 143–44.

As stated above, the Individual submitted a November 2025 PFS wherein he budgeted to pay \$7,000/month towards his mortgage—despite not actually resuming mortgage payments; had a net remainder of about \$3,400/month; and had \$27,400 total in his checking and savings accounts. *See* Sec. IV(d). That money clearly was not saved. The Individual submitted his April 2026 PFS wherein he reported that he had \$27,000 in "bank savings." Ex. B at 9. The Individual lists no other liquid assets. *Id.* The \$27,000 in savings he reported in the April 2026 PFS is *less* than the \$27,400 in liquid assets reported in the November 2025 PFS. *Compare id. with* Ex. 5 at 8.<sup>7</sup>

Furthermore, if the Individual had set aside the \$7,000 for his monthly mortgage in the six months between the November 2025 PFS and the April 2026 PFS, he would have \$42,000. Ex. B at 9. If he had also set aside the additional \$3,400/month, in total, he would have had \$62,400. *Id.* The Individual testified that he had only started setting aside the \$7,000/month for his mortgage starting in January 2026—almost two years after the February 2024 delinquency, ten months after the LSO informed him that it had concerns over this delinquency in the March 2025 LOI, and six months after he received notice of the foreclosure action in August 2025. Tr. at 130–31. The Individual indicated that he planned on using the set aside amount "as something to offer the [lender] as part of the [potential] settlement agreement." *Id.* at 44. According to the Individual's credit report dated April 2026, the past due amount on his mortgage is now \$206,397. Ex. C at 25.

#### **f. Character Testimony**

The Individual's character witnesses generally described the Individual in positive terms. *See, e.g.*, Tr. at 151–52 (Individual's Former Supervisor testifying that the Individual was "reliable"), 169 (Individual's Colleague testifying that the Individual can be trusted with sensitive information), 190 (Individual's Friend indicating that the Individual is "open" and "calm"), 196 (Former Supervisee describing the Individual as someone who could be trusted with sensitive information). However, the witnesses generally had no direct knowledge of the Individual's finances prior to the

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<sup>7</sup> The Individual testified that, as of the hearing date, the amount he has set aside is "actually a little bit more now . . . [c]loser to [\$]30,000" as compared to what was reported in the April 2026 PFS. Tr. at 206–07. No documentation, such as a bank statement, was provided to corroborate what he actually had in liquid assets.

initiation of this proceeding. *See, e.g., id.* at 156 (Individual’s Former Supervisor indicating that his financial issues were “a surprise”), 172 (Individual’s Colleague testifying that the issues with the Individual’s mortgage were a “surprise”), 185–86 (Individual’s Friend testifying that the Individual had not broached the topic of his financial issues in their conversations before this proceeding).

## V. ANALYSIS

In Section II, I found sufficient bases for the LSO’s invocation of Guidelines E and F. However, in closing, the Individual’s attorney argued that “this case is not about a security risk” and that I must “take into account” the “whole person concept.” *Tr.* at 208. In particular, the attorney asked that I consider the length of time the Individual held a clearance without issue and the level of trust his character witnesses expressed. *Id.* at 208–09. He also asked that I consider this “single debt” as a “one-off” issue and take a “broad view of [the Individual’s] finances.” *Id.* at 209–11.

To start, the first paragraph of the Adjudicative Guidelines makes clear that of particular concern in “[n]ational security eligibility determinations” is “a person’s stability, trustworthiness, reliability, discretion, character, honesty, and judgment.” Adjudicative Guidelines at ¶ 1(b). The whole-person concept requires that I account for the “number of variables” in one’s life when determining whether an individual presents as a risk. *Id.* at ¶ 2(a). That the Individual failed to meet a major financial obligation for over two years—specifically the housing cost that is most individuals’ largest recurring monthly expense—clearly demonstrates a lack of reliability and questionable judgment. *See also id.* at ¶ 18 (“Failure to live within one’s means, satisfy debts, and meet financial obligations indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations . . .”). This debt did not arise from a “single” or “one-off” issue but from his failure to responsibly manage his finances as a whole: he testified to not adjusting his spending and maxing out on credit cards, resulting in this approximate \$200,000 financial delinquency. Furthermore, even considering a “broad view” of his finances at the hearing and throughout this proceeding, the Individual made several choices that brought him farther from resolving this debt—such as failing to moderate his spending; failing to set aside money to pay back the lender, taking foreign vacations; and encumbering rental properties that he could have sold.

Regarding the level of trust his character witnesses place in him, I also must consider that the Individual failed to report the delinquency prior to the LSO confronting him. Then, after assuring the LSO he would provide updates, he failed to affirmatively disclose that the lender moved forward with a foreclosure proceeding. He minimized the second failure to report by saying he was focused on “issue resolution” rather than “reporting”—all despite making no meaningful headway in resolving the mortgage delinquency. This repeated behavior demonstrates an unwillingness to be forthright. *Id.* at ¶ 15 (“Conduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations can raise questions about . . . reliability, trustworthiness, and ability to protect classified or sensitive information.”). When asked to reflect on these poor financial decisions and dishonesty, the Individual displayed defensive minimization of the issues. Considering those “variables” I have discussed above—in particular, his own actions and lack of accountability—I still find security concerns present even under the “whole-person” concept. I next consider whether the concerns have been mitigated.

**a. Guideline F**

Conditions that could mitigate a security concern under Guideline F include:

- (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 judgment;
- (b) the conditions that resulted in the financial problem were largely beyond the person's control . . . and the individual acted responsibly under the circumstances;
- (c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source . . . ; and there are clear indications that the problem is being resolved or is under control;
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts;
- (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;
- (f) the affluence resulted from a legal source of income;
- (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.

Adjudicative Guidelines at ¶ 20.

As a preliminary matter, the cited security concerns are associated with the Individual's failure to satisfy delinquent debts and to control his spending. Accordingly, mitigating conditions (f) and (g) lack application since the cited security concerns do not involve unexplained affluence or failure to comply with tax-related requirements. Mitigating condition (e) also lacks application as the Individual does not challenge the legitimacy of the underlying debt.

Regarding mitigating condition (a), the failure to pay his mortgage—starting in at least January 2024 and continuing to the present day—is not so long ago or infrequent. He has remained delinquent every month for over two years. I also cannot find that this delinquency occurred under circumstances unlikely to recur. The Individual reported he fell behind on paying his mortgage because of increased costs and his failure to adjust his spending. The Individual submitted three PFSs—in April 2025, November 2025, and April 2026—accounting for his monthly \$7,000 mortgage on paper. However, in practice, the Individual continually failed to set aside the \$7,000 per month despite those written PFSs. I must consider reality: the Individual has not paid his mortgage on Property 1 for over two years, has not seriously engaged in saving money to cure his deficiency, and cannot account for tens of thousands of dollars that he repeatedly represented in PFSs he would apply towards his mortgage. Mitigating (a) does not apply.

Regarding mitigating condition (b), the Individual cited to many problems that prevented him from paying his mortgage, from increased costs of living to medical issues he experienced after traveling to Japan. However, he ultimately had control of his finances insofar as he admitted that he could sell one of two rental properties to become current on Property 1's mortgage delinquency. Instead of selling his rental properties and despite the active foreclosure action against him, the Individual recommitted his rental properties to leases until 2027 preventing him from liquidating the assets expeditiously. As stated above, the Individual failed to set aside the \$7,000 per month that he should have allocated towards the Property 1's mortgage until January 2026. I acknowledge that the Individual has paid a \$4,500 retainer to his foreclosure attorney to negotiate on his behalf in the foreclosure action. However, the earlier rejection of the loan modification offer, the failure to save any money towards the delinquent mortgage until January 2026, and his encumbrance on his rental properties all indicate that the Individual has made no meaningful efforts to resolve this delinquent mortgage on Property 1. Nothing here offers "responsib[ility] under the circumstances[.]" Mitigating condition (b) does not apply.

I have no indication that the Individual has received "financial counseling" except that he reached out to the VA for assistance. Even if I were to count his use of the VA—which I do not given that these consultations appeared to lack any meaningful "counseling" component—for all the reasons stated in the prior paragraph I cannot find that there is a "clear indication" that his delinquent mortgage is being "resolved" or is "under control." He remains delinquent on his mortgage since February 2024. He failed to save any money to pay the lender back until January 2026. His sellable real properties have been further encumbered by leases until 2027. Mitigating condition (c) does not apply.

The Individual has not initiated or adhered to a good faith repayment plan. He rejected a loan modification offer because he did not like the terms. Mitigating condition (d) does not apply.

Given the above, I find that the Individual has not resolved the security concerns raised under Guideline F.

#### **b. Guideline E**

Guideline E concerns may be mitigated if:

- (a) The individual made prompt, good-faith efforts to correct the omission, concealment, or falsification before being confronted with the facts;
- (b) The refusal or failure to cooperate, omission, or concealment was caused or significantly contributed to by advice of legal counsel or of a person with professional responsibilities for advising or instructing the individual specifically concerning security processes. Upon being made aware of the requirement to cooperate or provide the information, the individual cooperated fully and truthfully;
- (c) The offense is so minor, or so much time has passed, or the behavior is so infrequent, or it happened under such unique circumstances that it is unlikely to

recur and does not cast doubt on the individual's reliability, trustworthiness, or good judgment;

- (d) The individual has acknowledged the behavior and obtained counseling to change the behavior or taken other positive steps to alleviate the stressors, circumstances, or factors that contributed to untrustworthy, unreliable, or other inappropriate behavior, and such behavior is unlikely to recur;
- (e) The individual has taken positive steps to reduce or eliminate vulnerability to exploitation, manipulation, or duress;
- (f) The information was unsubstantiated or from a source of questionable reliability; and
- (g) Association with persons involved in criminal activities was unwitting, has ceased, or occurs under circumstances that do not cast doubt upon the individual's reliability, trustworthiness, judgment, or willingness to comply with rules and regulations.

Adjudicative Guidelines at ¶ 17.

Regarding mitigating condition (a), the Individual only provided information regarding the delinquency and foreclosure action when confronted by the LSO's LOIs. I cannot find the Individual to have provided information prior to "being confronted with the facts." Mitigating condition (a) does not apply.

Mitigating condition (b) is inapplicable where the Individual's behavior cannot be attributed to the advice of legal counsel or a person with relevant professional responsibilities.

Regarding mitigating condition (c), I would not characterize the Individual's dishonesty as minor. 10 C.F.R. § 710.7(c) requires that I consider, among other factors, the "extent" of the conduct and the Individual's "knowledgeable participation[.]" The Individual became delinquent on his mortgage in February 2024. The delinquency was not discovered until March 2025—over a year after the delinquency. Furthermore, the Individual gave testimony that appears to feign ignorance of the reporting requirements and simultaneously states that, even if he knew about them, the decision to not report was not a "conscious" one. As stated above, the record consists of the Individual's 28 years as a clearance holder who filled out two QNSPs in 2013 and 2019 that explicitly asked about financial delinquencies. In the 2019 QNSP, he affirmatively provided derogatory financial information about his failure to file tax returns. He also regularly submitted PSIRs to inform the LSO of foreign travel. The Individual also admitted that he was embarrassed, which appears to have impaired his ability to behave in a forthcoming manner in accordance with reporting requirements. This history and admitted embarrassment—in addition to his later failure to self-disclose the mortgage foreclosure action filed against him despite his guarantee to update the LSO—heavily evinces that the Individual knew that he needed to report his major financial issue to the LSO and instead chose not to report that this mortgage delinquency occurred.

When confronted about the delinquencies and his failure to disclose in April 2025, the Individual made a specific guarantee to keep the LSO updated. Instead, the LSO reached out to the Individual in October 2025 when it learned that his mortgage delinquency had resulted in a foreclosure proceeding. He stated he only learned about the foreclosure proceeding in August 2025 and that he focused on “resolving” the issue rather than “reporting” on the issue. I find this constellation of excuses unpersuasive for all the reasons stated in Section IV(d): the Individual knew well that the LSO had concerns, starting in March 2025; explicitly promised in April 2025 to provide updates; and made no actual progress in resolving his delinquent debt in all that time. I have also noted other instances of minimization and dishonesty in Section IV that the Individual provided. I cannot find the pattern of dishonesty minor. I also cannot find the dishonesty infrequent where the Individual was confronted with his failures to report and to provide updates on his delinquent mortgage twice within one year of this proceeding.

I also decline to find the circumstances so unique as to excuse the reporting deficiencies here. The Individual cited that his initial failure to disclose was in part due to ignorance or a lack of conscious decision-making: a claim I find dubious. Then, after promising to provide updates, he failed to report to the LSO that the lender had initiated a foreclosure action against him. The excuse this time was his focus on “issue resolution” rather than “issue reporting”—an explanation that I have already explained lacks credibility. There is no indication the Individual’s failure to report occurred under such unique circumstances that it is unlikely to recur and does not cast doubt on the individual’s reliability, trustworthiness, or good judgment.

I have no indication that the Individual has gone to counseling for his dishonesty. Mitigating condition (d) does not apply.

Regarding mitigating condition (e), the LSO did not raise any concerns regarding personal conduct that could result in vulnerability to exploitation, manipulation, or duress. Mitigating condition (e) lacks application.

Regarding mitigating condition (f), the failure to report is clearly substantiated. Mitigating condition (f) lacks application.

Regarding mitigating condition (g), the concerns raised by the LSO did not involve the Individual’s association with those involved in criminal activities. Accordingly, mitigating condition (g) also lacks application.

For the aforementioned reasons, I find that none of the mitigating conditions are applicable to the facts of this case and that the Individual has not resolved the security concerns asserted by the LSO under Guideline E.

## **VI. CONCLUSION**

In the above analysis, I found that the DOE possessed sufficient derogatory information raising security concerns under Guidelines F and E of the Adjudicative Guidelines. After considering all the relevant information, favorable and unfavorable, in a comprehensive, common-sense manner, including weighing all the testimony and other evidence presented at the hearing, I find that the Individual has not brought forth sufficient evidence to resolve the security concerns. Accordingly, I have determined that the Individual's access authorization should not be restored. This Decision may be appealed in accordance with the procedures set forth at 10 C.F.R. § 710.28.

Andrew Dam  
Administrative Judge  
Office of Hearings and Appeals