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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: May 15, 2026	)	Case No.:	PSH-26-0118
	)		
______________________________________	)		

Issued: August 7, 2026

Administrative Judge Decision

Diane L. Miles, Administrative Judge:

This Decision concerns the eligibility of XXXXX (the Individual) to hold an 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."[1] 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 is employed by a DOE contractor in a position that requires that he hold a security clearance. On April 9, 2025, the Individual was involved in a large cash transaction at a casino, where he deposited $11,535 into a gaming machine and withdrew $10,033. Exhibit (Ex.) 5 at 792.[2] On April 24, 2025, the Individual was involved in another large cash transaction at a casino, totaling $15,040. Ex. 3 at 114. The Local Security Office (LSO) issued Letter of Interrogatories (LOI) to the Individual, in May 2025 and June 2025, in which it requested details about his transactions at casinos, his delinquent credit accounts that appeared on his April 2025 credit report, and his financial history. Ex. 5; Ex. 6. In July 2025, the Individual underwent an Enhanced Subject Interview (ESI), with an investigator from the Office of Personnel Management (OPM), and in a

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[1] 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."

[2] The DOE submitted 855 pages of exhibits, which I combined into a single 855-page PDF notebook. Many of the exhibits are marked with page numbering that is inconsistent with their location in the combined workbook. This Decision will cite to the DOE's exhibits by reference to the exhibit and page number within the combined workbook regardless of any internal pagination.

December 2025 LOI, the Individual provided additional information about his financial history. Ex. 3 at 111–117.

After reviewing the information above, the DOE determined that the Individual had a history of failing to fulfill his financial obligations. Ex. 1 at 10. The Individual's April 2025 and November 2025 credit reports showed that he had nine credit card accounts that were more than 120 days delinquent and had been turned over to collection agencies. Ex. 4 at 121–149; Ex. 7 at 817–819. The Individual also reported that his financial debts were caused, in part, by gambling, which he funded with personal loans, credit card advances, and withdrawals from his retirement accounts. Ex. 3; Ex. 6; Ex. 7. The DOE also compared the Individual's statements provided during his July 2025 ESI and in the December 2025 LOI, to information he provided to the Department in LOIs dated October 2022, and October 2023, and determined that the Individual provided false or misleading information about his financial history to the DOE in July 2025 and December 2025. Ex. 9; Ex. 10; Ex. 11. Finally, the DOE determined that the Individual failed to report several financial delinquencies and transactions, as required by DOE Order 472.2A.[3] Ex. 1 at 13.

In April 2026, the LSO informed the Individual, in a Notification Letter, that it possessed reliable information that created substantial doubt regarding his eligibility to hold a security clearance. Ex. 1 at 3–5. In a Summary of Security Concerns (SSC) attached to the letter, the LSO explained that the derogatory information raised security concerns under Guideline E and Guideline F of the Adjudicative Guidelines. *Id*. at 6–12.

In May 2026, the Individual exercised his right to request an administrative review hearing pursuant to 10 C.F.R. Part 710. The Director of the Office of Hearings and Appeals (OHA) appointed me as the Administrative Judge in this matter. In June 2026, I convened a hearing, pursuant to 10 C.F.R. § 710.25(d), (e), and (g), during which I took testimony from two witnesses: the Individual's spouse, and the Individual. *See* Transcript of Hearing, OHA Case No. PSH-26-0118 (Tr.). Counsel for the DOE submitted eleven exhibits, marked as Exhibits 1 through 11. The Individual submitted 13 exhibits, marked as Exhibits A through M.

II. NOTIFICATION LETTER AND THE ASSOCIATED SECURITY CONCERNS

As previously mentioned, the Notification Letter included the SSC, which sets forth the derogatory information that raised concerns about the Individual's eligibility for access authorization. The SSC informed the Individual that information in the possession of the DOE created substantial doubt concerning his eligibility for a security clearance under Guideline F (Financial Considerations) and Guideline E (Personal Conduct) of the Adjudicative Guidelines. Ex. 1 at 6–12.

A. Guideline F (Financial Considerations)

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[3] DOE Order 472.2A requires that individuals holding a DOE access authorization, report, within three working days, "financial anomalies," including filing bankruptcy, "delinquency more than 120 days on any debt," and "unusual infusions of assets more than $10,000 or greater such as an inheritance, winnings, or similar financial gain." DOE O 472.2A at Attachment 5, ¶ 6(b)(1), (3), and (4).

Guideline F states that a "[f]ailure or inability to live within one's means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or [an] 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." Adjudicative Guidelines at ¶ 18. Conditions that could raise a security concern under Guideline F include: an inability or unwillingness to satisfy debts; "a history of not meeting financial obligations;" "deceptive or illegal financial practices such as embezzlement, employee theft, check fraud, expense account fraud, mortgage fraud, filing deceptive loan statements and other intentional financial breaches of trust;" and "borrowing money or engaging in significant financial transactions to fund gambling or pay gambling debts." *Id*. at ¶ 19(a)–(d), (h).

In citing Guideline F, the LSO noted the Individual's history of borrowing money and engaging in significant financial transactions to fund his gambling. Ex. 1 at 6. The LSO noted that in March 2025, the Individual received $241,158.73, and he was unable to produce documentation showing how the money was distributed. *Id*. at 9. The LSO noted that bank records disclosed that in October 2024, the Individual fraudulently applied for a loan in the amount of $10,000. *Id*. The LSO noted that the Individual reported participating in credit counseling services between 2014 and 2019, and in May 2025. *Id*. at 8–9. Finally, the LSO also noted that the Individual's April 2025 and November 2025 credit reports showed the following delinquent accounts, totaling $64,171:

- Creditor A, with a balance of $35,009;
- Creditor B, with a balance of $8,805;
- Creditor C, with a balance of $18,790;
- Creditor D, with a balance of $2,500;
- Creditor E, with a balance of $5,900;
- Creditor F, with a balance of $2,049;
- Creditor G, with a balance of $1,013;
- Creditor H, with a balance of $10,298; and
- Creditor I, with a balance of $3,409

Id. at 7–8. The information cited above justifies the LSO's invocation of Guideline F.

B. Guideline E (Personal Conduct)

Under Guideline E, "[c]onduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information." Adjudicative Guidelines at ¶ 15. "Of special interest is any failure to cooperate or provide truthful and candid answers during national security investigative or adjudicative processes." *Id*. Among those conditions set forth in the Adjudicative Guidelines that could raise a disqualifying security concern are "deliberate omission, concealment, or falsification of relevant facts from any personnel security questionnaire . . . used to . . . determine national security eligibility," and "deliberately providing false or misleading information; or concealing or omitting information, concerning relevant facts to an employer, investigator, security official, competent medical or mental health professional involved in making a recommendation relevant to a national security eligibility determination, or other official government representative." *Id.* at ¶ 16(a), (b).

In invoking Guideline E, the LSO noted that during his July 2025 ESI and in response to the December 2025 LOI, the Individual made several statements about his financial history, which were determined to be false or misleading, after reviewing information he previously submitted to the DOE:

1. During the July 2025 ESI, the Individual stated that he only ever applied for one loan with Creditor A, that he obtained in 2022. He indicated he did not apply for any other loans with Creditor A. However, Creditor A's records disclosed ten personal loan application denials from 2022–2024;

2. In his July 2025 ESI, the Individual stated that he never assisted others with applying for a loan with Creditor A. After being confronted with the discrepancy in the November 2025 LOI, the Individual then claimed that he helped his father apply for a loan with Creditor A in October 2024. This loan was determined to be fraudulent;

3. In the July 2025 ESI, the Individual claimed that he took out several personal loans which were all used to make home improvements. When asked to provide receipts of the work performed on his home, he claimed he didn't keep any of the receipts, or that he had lost them;

4. In his December 2025 LOI response, the Individual claimed he used funds from a 401K withdrawal to pay off his July 2022 loan with Creditor A, which had a balance of $32,000. However, Creditor A's records indicate that the balance was paid off with the new October 2023 loan with Creditor A, with only $8,000 disbursed;

5. When asked why he continued to gamble when he took on the extra obligation of caring for three relatives from fall 2022 to fall 2024, the Individual claimed that he was unaware of the financial shortfall as his spouse was handling the household finances. Nonetheless, he was aware of the following financial issues:

    a. The Individual disclosed taking out several personal loans from 2022 through 2024 to pay for home renovations;

    b. The Individual disclosed maxing out his credit cards to cover the increased living expenses associated with the three children;

    c. The Individual reported that he was separated from his spouse for approximately one year until they reconciled in July 2024, which caused additional costs by maintaining two separate households and paying for a campground site;

d. In his October 2025 LOI response, the Individual noted that he borrowed $3,900 on March 24, 2023, to fund his gambling. He disclosed that he was spending $10,000 to $15,000 per year on gambling. In his December 2025 LOI response, he noted that the money was also used to make repairs to his [recreational vehicle (RV)];

e. The Individual noted that he switched employers in July 2022 and pulled $120,000 from his 401K retirement savings to pay off debt he incurred from gambling and maintaining two households. He estimated that he spent about $6,000 of that money gambling.

6. During his July 2025 ESI, the Individual claimed he never used personal loans to fund his gambling. However, in his October 25, 2023, LOI response, he reported gambling three times a month totaling 20–25 hours. In his December 2025 LOI response, he admitted that from the start of his gambling in 2019, he continued to increase his gambling until it occurred twice a week, for 12–14 hours per visit;

7. During his July 2025 ESI, the Individual claimed he never used personal loans to fund his gambling. However, in his October 25, 2023, LOI response, he noted he borrowed $3,900 in March 2023 to fund his gambling. When asked about the discrepancy in his December 2025 LOI response, he indicated that only "some" of the loan was used for gambling;

8. In his July 2025 ESI, the Individual disclosed that he had lost approximately $10,000 gambling over the past three years but ultimately came out ahead $10,000 overall. However, in his October 25, 2023, LOI response, he stated that he spent approximately $10,000 to $15,000 annually gambling. In his December 2025 LOI response, he disclosed that he continued to gamble until May 15, 2025, believing he could recover his losses.

Ex. 1 at 9–12. The LSO also noted that the Individual failed to report an April 2019 foreclosure to the DOE in his 2022 Questionnaire for National Security Positions (QNSP). Ex. 1 at 12. Finally, the LSO noted that the Individual failed to report his delinquent credit accounts with Creditors A through I, found in his April 2025 and November 2025 credit reports, his receipt of $120,000 in 2021, and his receipt of $120,000 in 2022, to the DOE, as required by DOE Order 472.2A. *Id*.

The information cited above justifies the LSO's invocation of 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 or her 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.

The discussion below reflects my application of these factors to the testimony and exhibits presented by both sides in this case.

IV. FINDINGS OF FACT

At the hearing, the Individual testified that his financial difficulties began in approximately 2011, when he was unemployed for eight months. Tr. at 83. While unemployed, he used money from personal loans, and accrued credit card debt, to cover his living expenses. *Id*. During a February 2019 ESI, the Individual explained that sometime between 2014 and 2019, he used a credit counseling service to resolve his credit card debt, during which he received advice on how to budget his money. Ex. 4 at 650; Tr. at 16, 83–84. At the hearing, the Individual stated that while using the credit counseling service, he received advice on how to budget his money, but he did not believe he retained the advice he was given. Tr. at 134.

During a July 2025 ESI, the Individual explained that in 2022, he continued to take out personal loans, after he gained custody of three of his grandchildren. Ex. 4 at 198. The Individual further reported that he took out several personal loans, incurring debts with Creditors A through I, and that the loans were only used to repair and expand his home, so he could take care of his three grandchildren. *Id.* at 122–126, 198, 200; Ex. 7 at 817–819; Tr. at 44–46, 111–112. In November 2025, the DOE asked the Individual to provide receipts for the renovations completed on his home, and the Individual claimed he did not have any documentation to provide to them. Ex. 3 at 112–117.[4] At the hearing, the Individual admitted that information he provided to the DOE during the July 2025 ESI was misleading; while he used some of his loan proceeds to make repairs to his home, he used most of the loan proceeds to gamble at casinos. Tr. at 80–81, 117.

Records obtained by the DOE showed that the Individual had a long financial history with Creditor A. Ex. 4 at 201–204. When the DOE and the security clearance investigator questioned the

[4] The Individual also failed to provide bank statements for $241,158.73, he claimed to have received in March 2025. Ex. 8; Ex. 3 at 112, 116.

Individual as to his history with Creditor A, he continued to provide false or misleading information. In July 2025, the Individual reported to the OPM investigator that he applied for one loan with Creditor A, in 2022, and that he did not receive any other loans. *Id*. at 198. However, Creditor A's records indicated that the Individual applied for ten loans between 2022 and 2024. *Id*. at 202–203, 429–452. At the hearing, the Individual explained that at the time he was being interviewed, he did not remember that he had applied ten times. Tr. at 104. He maintained that he did not lie to the investigator and that he wanted to be as truthful as he could at the time. *Id*. at 104–105.

The Individual also provided misleading information as to an October 2024 loan application with Creditor A. Bank records obtained during the Individual's security clearance investigation revealed that a loan application he submitted with Creditor A was determined to be fraudulent on October 22, 2024. Ex. 4 at 202. In May 2025, the LSO asked the Individual to explain his involvement in this loan application. Ex. 5 at 808. In his response, the Individual claimed that he did not apply for a loan with Creditor A in October 2024. *Id*. at 790. During the July 2025 ESI, the OPM investigator confronted the Individual with information indicating he applied for a loan with Creditor A "sometime last fall." Ex. 4 at 198. The Individual told the OPM investigator that he did not apply for a loan with Creditor A in October 2024 and that "he never assisted others with applying" for a loan with Creditor A. *Id.* In a December 2025 LOI response, however, the Individual wrote, "Yes, I did try and help my father obtain a loan through [Creditor A] back in October 2024." Ex. 3 at 112. When the Individual was questioned about this loan during the hearing, he explained that in October 2024, he tried to help his father obtain a loan to help pay some of his bills. Tr. at 107.[5] The Individual stated he did not believe it was necessary to present evidence to mitigate the concern related to this allegedly fraudulent loan application because he did not intentionally commit fraud and he didn't think it was "a big concern." *Id*. at 109.

At the hearing, the Individual admitted that his financial difficulties were exacerbated by his gambling. Tr. at 75. Since October 2022, the DOE notified the Individual that it received reports of him depositing large sums of money into gaming machines at a casino. Ex. 11 at 855. In September 2022, the Individual borrowed $22,611 from his retirement account and deposited it into a gaming machine at a casino. *Id*. at 853–855. On April 2, 2023, he took out a personal loan, for an unknown amount of money, and deposited $11,530 into a gaming machine at a casino. Ex. 10 at 850–851. In April 2025, the Individual deposited $11,535 into a gaming machine, and he was involved in another "large cash transaction" at a casino, totaling $15,040. Ex. 3 at 114; Ex. 5 at 792. At the hearing, the Individual admitted to receiving emails from the DOE about these transactions. Tr. at 135–136.

When questioned about how his gambling habit contributed to his financial difficulties, the Individual continued to provide inconsistent or misleading information to the DOE. In October 2023, he reported that he gambled three or four times a month. Ex. 9 at 846. In July 2025, he reported that he gambled once every three months, and in December 2025, he claimed that since 2019, his gambling increased, until he was gambling twice a week, for 12 to 14 hours per visit. Ex. 4 at 200; Ex. 3 at 112. At the hearing, the Individual explained that when interviewed by the OPM investigator, he did not realize how often he was gambling, and in his mind, he was

[5] The Individual submitted a letter indicating that he helped his father submit a loan application online, so his father could consolidate some of his debts. Ex. K.

answering the questions truthfully. Tr. at 105. In 2023, the Individual reported spending approximately $10,000 to $15,00 gambling per year, which, during the hearing, the Individual admitted was false. Ex. 9 at 846; Tr. at 106.

During the July 2025 ESI, the Individual reported that he never used personal loans to fund his gambling, but this report was also false. Ex. 4 at 200. At the hearing, the Individual admitted that from 2019 to February 2025, he opened 24 personal loans, the majority of which he used to fund his gambling. Tr. at 80. In July 2022, the Individual borrowed $120,000 from his retirement account, $20,000 of which he applied to his debts, and the remaining $100,000 he lost gambling. Tr. at 78, 138. As noted above, in 2022, the Individual admitted that the $22,611 he used to gamble at a casino was obtained from a different loan he took from his retirement account. Ex. 11 at 853–855. In an October 2023 LOI, he admitted that he borrowed $3,900, which he used to gamble at a casino. Ex. 9 at 846. The Individual's wife also testified that in 2021, she received $120,000 as part of a settlement from a lawsuit. Tr. at 20–21. She explained that, after paying several expenses, she had approximately $50,000 remaining, which she kept in cash, at their home. *Id*. at 23. The Individual admitted that in May 2025, while his wife was out of the home, on vacation, he took $40,000 in cash, without his wife's permission, and lost it gambling at a casino. *Id*. at 24, 45–47.

When questioned about his failure to report several financial anomalies to the DOE, the Individual acknowledged that he received training on his reporting requirements as a clearance holder, but he gave several reasons for his failure to comply with these requirements. Tr. at 118. In April 2019, the Individual paid off a mortgage loan for a home that was in foreclosure. Ex. 4 at 540–541. He knew the home was in foreclosure, but he did not report the foreclosure on a 2022 QNSP because he did not realize it would appear on his credit report, and he claimed he "forgot about it." *Id.* at 192; Tr. at 120. He admitted that he did not report any of his delinquent debts before being confronted with them by the OPM investigator. Tr. at 119–120. As to his failure to report his receipt of $120,000 in 2021,[6] his receipt of $120,000 in July 2022, and his receipt of $22,611 in September 2022, the Individual claimed that he did not believe money received from "banks and 401K distributions" needed to be reported. Ex. 3 at 113, 117; Ex. 11 at 853.

In May 2025, the Individual claimed that he stopped gambling and enrolled in a credit counseling program to restructure approximately $97,000 in debt. Tr. at 50, 74, 77–78, 89; Ex. 4 at 219–259. He explained that the credit counseling program did not accept all his debts. *Id*. at 74. In addition to the debts related to his home renovation and gambling, the Individual had the following debts: $50,000 from a loan to purchase a boat in 2021, $120,000 from a loan to purchase a truck in 2022, and $140,000 from a loan to purchase a camper. *Id*. at 84–86. As of the hearing, the Individual owed money on each of these items, he refinanced his boat loan, but he used the money from the refinance to gamble. *Id*. at 86–87.

In June 2025, the Individual submitted a financial statement to the DOE, which showed four delinquent debts with two different credit unions, a mortgage, and debts held by the Individual's May 2025 credit counseling program. Ex. 6 at 813. The financial statement also showed that the

[6] During the hearing, the Individual and the Individual's wife testified that they have two joint bank accounts. Tr. at 20–21, 133. Although the source of the $120,000 was a monetary settlement the Individual's wife received, the receipt of these funds likely triggered a reporting requirement because it was deposited in a bank account on which the Individual was an account-holder.

Individual had a net monthly income of $12,460.59, and $2,264.17 remaining every month. *Id*. When the Individual was questioned about this financial statement during the hearing, he admitted to having an additional $5,000 in debts that he did not list on his financial statement. Tr. at 71. He explained that in 2024, he incurred about $30,000 in "pay day loans," which he used to cover some of his monthly expenses and gamble. *Id*. at 72–77. He also admitted that he chose to omit these debts from the financial statement because he was meeting the payments at the time, and he wanted to give a better impression of his financial status to the DOE. *Id*. at 70–71. The Individual's wife testified that she managed the household's finances, but the Individual did not involve her in preparation of the financial statement. *Id*. at 15, 29. When she was asked if the income and expense information contained in the financial statement accurately reflected the household's finances, she testified that the information did not align with her knowledge of the money they had remaining at the end of each month. *Id*. at 29–30.

In April 2026 or May 2026, the Individual decided to file for bankruptcy, and he disenrolled in a second credit counseling program. Tr. at 53–54, 91–92. He believed that bankruptcy would help him resolve his delinquent debts with Creditors A through I, his pay days loans, and his debts related to his boat, truck, and camper. *Id*. at 95–96.[7] He submitted an agreement he signed with an attorney, who would complete the steps necessary to file bankruptcy. *Id.* at 98–99; Ex. C. The Individual also submitted documentation indicating that he completed a credit counseling course, which he was required to complete before filing bankruptcy. Tr. at 129; Ex. L.

At the hearing, the Individual acknowledged that his gambling began as a hobby, and that he did not realize how much money he was losing. Tr. at 89. With every loan application, he knew he had lost the money he previously borrowed, but he believed that he was "going to hit one big" and pay all his debts. *Id*. at 83. His wife, to whom he has been married for 38 years, threatened to divorce him, unless he stopped gambling. *Id*. at 88. Since May 2026, the Individual has received counseling related to his gambling habit. *Id.* at 109–110. He submitted an attendance sheet for a clinic, indicating he had three therapy sessions between May 13, 2026, and June 3, 2026. Ex. A. He believed that he started gambling due to boredom and when he started winning, he kept going back to see if he could recover what he previously lost. Tr. at 111. He also "turned everything over" to his wife, who he stated needs to control his finances. *Id*. at 129–130. His earnings go into their bank account, and his wife gives him the money he needs to spend on his daily expenses. *Id*. He no longer has a debit card. *Id*. at 130. His wife now ensures all their bills are paid timely. *Id*. at 50–51, 129–130.

V. ANALYSIS

A. <u>Guideline F</u>

The Adjudicative Guidelines provide that conditions that could mitigate a security concern under Guideline F include:

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[7] The Individual submitted documentation indicating that he filed for bankruptcy, and that the bankruptcy would resolve several debts, including those held by Creditors C, D, H, and I. Ex. I; Ex. M. The Individual also submitted documentation to support that he resolved debts not listed as security concerns on the SSC. Ex. B; Ex. D; Ex. E; Ex. F; Ex. G; and Ex. H.

(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.

I have thoroughly considered the record of this proceeding, including the submissions tendered in this case and the testimony of the witness presented at the hearing. After due deliberation, I have determined that the Individual has not mitigated the security concerns raised by his history of financial transactions and his delinquent debts.

As to factor (a), the Individual submitted evidence that he intends to resolve his delinquent debts with Creditors A–I through bankruptcy, but as of the hearing, these accounts remained delinquent. The Individual's efforts to obtain credit counseling to address his outstanding debts only occurred in May 2025, one year before the hearing, and the Individual's fraudulent loan application with Creditor A was made less than two years ago in October 2024. Therefore, the Individual's behavior cannot be said to have occurred so long ago that is no longer poses a security concern. The Individual used several personal loans to fund his living expenses since 2022, he applied for ten loans with Creditor A alone between 2022 and 2024, he admitted to gambling twice a week since 2019, and he admitted to borrowing money to fund his gambling in July 2022, September 2022, and October 2023. The Individual also made large deposits at casinos in September 2022, April 2023, and April 2025. He further admitted to losing $40,000 of his wife's money at a casino in May 2025. Therefore, the Individual's conduct was frequent.

Furthermore, the Individual admitted that his financial difficulties were exacerbated by seven years of gambling. He could have resolved his delinquent debts with Creditors A–I with the $122,611 he borrowed from his retirement account between July 2022 and September 2022, but he chose to use those funds to gamble. He testified that he has not gambled since May 2025, and he submitted evidence that since May 2026, he has attended counseling to address his gambling habit. But, given the Individual's history, not enough time has elapsed for me to conclude his gambling will not recur. Therefore, I find that the Individual's failure to resolve his delinquent debts was not due to circumstances that make it unlikely to recur. Therefore, I am unable to conclude that the Individual's behavior is unlikely to recur, and he has not mitigated the security concerns under factor ¶ 20(a) of the Adjudicative Guidelines.

As to factor (b), as explained above, the Individual's financial problems, including his history of significant spending and deceptive financial practices, were caused by his reliance on personal loans to fund his living expenses, coupled with his gambling habit, which he funded by incurring additional debt. The Individual's ongoing gambling behavior, which continued in spite of the serious financial losses and delinquencies he was experiencing, was certainly not a condition largely beyond his control. Although the Individual testified that he incurred his delinquent debts with Creditors A–I, in part, because of the expenses related to taking care of his grandchildren, the Individual did not act responsibly by using approximately $122,611 obtained from his retirement account, in 2022, to gamble, rather than resolve his delinquent debts. Therefore, the Individual has not mitigated the security concerns under ¶ 20(b) of the Adjudicative Guidelines.

As to factor (c), the Individual's history of financial problems began in 2011 and continued despite the Individual receiving some form of credit counseling sometime between 2014 and 2019. In May 2025, the Individual started participating in another credit counseling service, but he disenrolled from that program after a year, and there is no evidence as to the type of financial counseling he received as part of his bankruptcy filing. As explained above, the Individual claimed to have stopped gambling in May 2025, one year before the hearing, but I am unable to conclude that his gambling will not recur. As of the hearing, his delinquent debts with Creditors A–I remain delinquent. Therefore, there are no indications that his financial problems have been resolved or are under control, and he has not mitigated the security concerns under ¶ 20(c) of the Adjudicative Guidelines.

As to factor (d), the Individual submitted evidence that he intends to use bankruptcy to resolve his delinquent debts, but his bankruptcy, if granted, would only resolve his delinquent debts with Creditors C, D, H, and I. The Individual has not submitted evidence as to how he intends to resolve the remaining delinquent debts that are not resolved in bankruptcy. As of the hearing, the Individual's debts with Creditor's A–I remain delinquent. Therefore, the Individual has not mitigated the security concerns under ¶ 20(d) of the Adjudicative Guidelines.

As to factor (e), the Individual admitted that he incurred the past-due debts cited in the SSC. He did not dispute the legitimacy of his delinquent debts. Therefore, I find that mitigating factor (e) is not applicable to this case.

As to factors (f) and (g), this case did not involve an allegation that the Individual received money from source that could not be explained or that was illegal, and this case did not involve a failure to file or pay taxes. Therefore, I find that mitigating factors ¶ 20(f) and (g) are inapplicable to this case.

In light of the foregoing, I conclude that the Individual has not mitigated the security concerns related to financial considerations under Guideline F of the Adjudicative Guidelines.

B. <u>Guideline E</u>

The Adjudicative Guidelines provide that conditions that could mitigate security concerns under Guideline E include:

> (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.

After due deliberation, I have determined that the Individual has not mitigated the security concerns raised by his history of providing false or misleading information or concealing or omitting information from the DOE about his financial history.

As to factor (a), the DOE began notifying the Individual of its concerns related to his deposits of large sums of money into gaming machines in 2022. Since 2022, the DOE issued seven LOIs to the Individual, in addition to his interview by an OPM investigator in July 2025, to seek clarity as to his financial history. When the Individual was provided an opportunity to explain his conduct, he provided information that was either inconsistent with information he previously provided, or that the DOE determined was false, after conducting its investigation, and in many cases, the Individual did not correct the false information until confronted with the facts. For example:

1. Between 2022 and 2024, the Individual applied for at least ten loans with Creditor A. During his July 2025 ESI, the Individual reported that he applied for just one loan with this creditor, and he did not admit that he applied for additional loans until confronted with this information at the hearing;

2. In May 2025, the Individual claimed he never applied for a loan with Creditor A in October 2024. The Individual did not disclose that he was involved with a loan application with Creditor A in October 2024 before being confronted with the information during his July 2025 ESI;

3. During his July 2025 ESI, the Individual claimed he used money from several personal loans to make improvements to his home. When the DOE asked him to provide documentation showing the work performed on his home, he claimed he did not have any documentation to provide. The Individual did not admit that he used most of the money he received from the personal loans to gamble, and that the information he provided during his July 2025 ESI was false, until he was confronted with his July 2025 statements at the hearing;

   In an October 2023 LOI response, the Individual claimed that he spent approximately $10,000 to $15,000 gambling every year. The Individual did not admit that this response was false until he was asked about it during the hearing; and

4. During his July 2025 ESI, the Individual stated that he never used personal loans to fund his gambling. The Individual did not admit that from 2019 to 2025, he opened 24 personal loans, the majority of which he used to gamble, and that his statement during his July 2025 EST was false, until he was questioned during the hearing.

The Individual made no effort to correct his previous reporting as to his financial history to the DOE and for example, as to his claims that he never used personal loans to fund his gambling and incurred his debts with Creditors A through I to renovate his home and only admitted to providing false information to the DOE at the hearing when confronted with the facts. Similarly, the

Individual made no effort to correct his failure to report his delinquent accounts with Creditors A through I, or his 2019 foreclosure. In addition, the Individual did not report his receipt of funds exceeding $10,000 in 2021 and 2022, as required by DOE O 472.2A,[8] and until he was either confronted with the information in an LOI, or until he was questioned about it during the hearing. Therefore, the Individual has not mitigated the security concerns under ¶ 17(a) of the Adjudicative Guidelines.

As to factor (b), there is no evidence to support that the Individual's history of providing false or misleading information to the DOE about his financial history, or his concealing or omission of such information, was caused or contributed to by the advice of legal counsel or some other professional. Therefore, the Individual has not mitigated the security concerns under ¶ 17(b) of the Adjudicative Guidelines.

As to factor (c), the Individual's behavior of providing false or misleading information and omitting or concealing information from the DOE about his financial history was long-standing, and continued up until the hearing, when he admitted to omitting $5,000 in debts and $30,000 in pay day loans from his June 2025 financial statement, to give a better impression of his finances to the DOE. The Individual's wife also testified that the income and expense information contained in the financial statement did not align with her knowledge of the household's finances every month. This behavior continues to cast doubt on the Individual's present trustworthiness, reliability, and judgment. Therefore, the Individual has not mitigated the security concerns under ¶ 17(c) of the Adjudicative Guidelines.

As to factor (d), I am unable to conclude that the Individual has acknowledged his history of providing false or misleading information and concealing or omitting information from the DOE. At the hearing, he admitted that some of his claims, that he never used personal loans to fund his gambling and that he incurred debts with Creditors A through I solely to renovate his home, were false. But he continued to deny that he misled the DOE about the frequency with which he applied for loans with Creditor A and the circumstances around his fraudulent October 2024 loan application with Creditor A. As to his failure to follow DOE reporting requirements, he admitted he received training on this requirement, but he claimed he either forgot he needed to report, or he did not believe his receipt of funds and other circumstances required reporting. Furthermore, as explained above, the Individual's submission of a June 2025 financial statement, that he knew did not accurately reflect his income and expenses, continues to cast doubt as to his trustworthiness and judgment. As of the hearing, the Individual intended to file bankruptcy to address some of his delinquent debts, but there is no evidence he obtained counseling to address his history of dishonesty and unreliable reporting to the DOE. Therefore, I am unable to conclude that his behavior of providing false or misleading information and concealing or omitting information from the DOE is unlikely to recur, and he has not mitigated the security concerns under ¶ 17(d) of the Adjudicative Guidelines.

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[8] I reach this conclusion only with respect to the $120,000 received through a legal settlement in 2021. With respect to the $120,000 that the Individual borrowed or withdrew from his retirement account in July 2022, I find this was not an "infusion of assets" that triggered a reporting requirement under DOE Order 472.2A, since borrowing money from one's own retirement savings clearly does not result in any financial gain.

As to factors (e), (f), and (g), this case does not involve an allegation that the Individual was vulnerable to exploitation, manipulation, or duress. The Individual did not claim that the security concerns were unsubstantiated, and the LSO did not allege that the Individual was associating with persons involved in criminal activity. Therefore, I find that mitigating factors ¶ 17(e), (f), and (g) are inapplicable to this case.

VI. CONCLUSION

For the reasons set forth above, I conclude that the LSO properly invoked Guideline E and Guideline F of the Adjudicative Guidelines. After considering all the evidence, both 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 mitigate the concerns set forth in the SSC. Accordingly, the Individual has not demonstrated that restoring his security clearance would not endanger the common defense and security and would be clearly consistent with the national interest. Therefore, I find 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.

Diane L. Miles
Administrative Judge
Office of Hearings and Appeals