



**DEPARTMENT OF DEFENSE
DEFENSE OFFICE OF HEARINGS AND APPEALS**



Appearances

For Government: Troy L. Nussbaum, Esq., Department Counsel
For Applicant: *Pro se*

10/08/2025

Decision

MASON, Paul J., Administrative Judge:

Applicant's evidence in mitigation is insufficient to overcome the security concerns arising from the guideline for financial considerations. Her security clearance eligibility for access to classified information is denied.

Statement of the Case

On April 17, 2023, Applicant submitted an Electronic Questionnaires for Investigations Processing (e-QIP) to retain a security clearance required for her position with a defense contractor. She provided a personal security interview (PSI) to an investigator from the Office of Personnel Management (OPM) on July 7, 2023. The Defense Counterintelligence and Security Agency (DCSA) Adjudications and Vetting Services (AVS) completed their investigation and could not render affirmative findings required to grant a security clearance and issued to Applicant a Statement of Reasons (SOR), dated April 10, 2024, detailing security concerns under the guideline for financial considerations (Guideline F). The action was taken under Executive Order (E.O.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended;

Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992, as amended (Directive), and the adjudicative guidelines (AG), effective in the DOD on June 8, 2017.

On April 29, 2024, Applicant provided an answer to the SOR admitting some allegations and denying others. A notice of hearing was issued on April 8, 2025, for a Microsoft Teams virtual hearing on May 6, 2025. The hearing was held as scheduled. The four Government Exhibits (GE) were admitted into evidence as Applicant did not object to them. She submitted no exhibits at the hearing. She testified. The record remained open until July 18, 2025 to allow Applicant an opportunity to submit post-hearing documentation that she said she could retrieve. In an email dated June 4, 2025, she stated that some of the creditors agreed to payment plans but would not provide documented agreements. She asked about the type of documents necessary to establish proof of payments. Applicant's information request and my response are marked as Applicant's Exhibit (AE) A.

On July 7, 2025, Applicant sent three emails to me regarding her efforts to establish payment plans. Department Counsel did not object to the post-hearing submissions. In the first email, she announced a payment plan had been established with one of the collection agencies for an unlisted car creditor. Under the plan, she was scheduled to begin payments of \$235 a month on July 25, 2025. The other plan describes payments of \$218 to be paid on a monthly basis. Neither plan reflects that actual payments were made. In a third email, Applicant informed me that she was employed in an administrative assistant position. Her three post-hearing submissions, with supporting documentation, are marked and admitted into evidence as AE B. The transcript (Tr.) was received on May 27, 2025. The record closed on July 7, 2025.

Findings of Fact

Applicant is 37 years old and single with an 18-year-old son. She married in May 2017 and divorced in October 2021. (Tr. 1 at 15) She received a high school diploma in June 2006 and has been attending college since March 2023. She anticipates attaining a computer science degree in January 2026. Applicant has no military service. (GE 1 at 13; Tr. 6)

Applicant has been working for her current employer in the passport center since May 2023. Her previous employment was at the United States Post Office from 2015 to May 2023. Her other jobs before 2015 were on the administrative staff of a law firm and as a substitute teacher.

History of Financial Debts

The SOR lists nine delinquent debts totaling \$37,576. The debts became delinquent between 2017 and 2023, with most of the debts falling past due in 2022 and 2023. (GE 2; GE 4) The SOR alleges under ¶ 1.j that Applicant has not filed her state tax returns for 2014, 2015, and 2016. (SOR ¶ 1.j)

In her July 2023 PSI, Applicant recalled that she was delinquent on a credit-builder loan because of unpaid sick leave she took from December 2021 to February 2022. She surmised that the account was subsequently paid in full. The loan was not alleged in the SOR. She revealed that she has used a credit monitoring service but not a credit-counseling service. (GE 3 at 3)

Applicant's 18-year-old son has a learning disability necessitating an individualized education program (IEP) from the public school systems he has attended. Applicant's regular participation in IEP meetings and programs to assist in her son's education has required her to take leave from work, which has reduced the amount of money to pay bills. (Tr. 35) While Applicant is supposed to receive child support of \$450 a month, she has only been receiving that amount three or four months out of the year. This situation has had a negative effect on her ability to pay debts. (Tr. 30-32) From November 2020 to July 2021, Applicant was unemployed due to the COVID-pandemic. Though Applicant received unemployment compensation, the amount translated to about a 35% loss of her regular income. (Tr. 32-34)

SOR ¶ 1.a – Though Applicant denied this allegation in her answer to the SOR, she provided no reason for the denial. This is an installment loan account for a car. She purchased the car in 2019. The payments of \$706 a month were too high and she returned the car voluntarily, though she was unable to recall the time between her purchase of the car and when she returned it to the dealer. In 2021, she recalled receiving a letter describing a class action lawsuit that was filed against the creditor for not properly accounting for customers' installment payments. She received less than a \$1,000 in damages from a settlement of the lawsuit filed by the creditor's aggrieved customers. She claimed that she had proof of the favorable outcome. The debt was sold to a collection agency but she objected to the collection agency's right to collect the debt. (GE 3 at 4; Tr. 25-29, 49) No proof was provided concerning the favorable outcome of the lawsuit and the amount of money that she still owes to the collection agency.

SOR ¶ 1.b – In her answer to the SOR, Applicant denied that she purchased furniture under an installment contract. When she did not make the required monthly payments in the time allotted, the account became delinquent. Though she indicated her finances have improved, she could not explain why she did not resume payments. At the hearing, she explained that the account was purchased by another credit agency. Since

the debt no longer appears in her credit report, she does not believe she owes the debt. (GE 3 at 4; Tr. 30) The debt has not been resolved.

SOR ¶ 1.c – Though Applicant denied the allegation in her answer to the SOR, she admitted opening the account to purchase a bed. Payments of the account were automatically deducted from her Government paycheck. Her paycheck was eventually garnished for non-payment. Applicant did not disclose the debt in her April 2023 e-QIP because she did not think garnishments were the same as delinquent debts. The debt became delinquent when Applicant took a leave of absence from February to May 2023 due to the passing of her grandmother and her fiancé. Applicant told the Government investigator in July 2023 that since she had resumed employment, she would soon resume paying the debts. At the hearing, Applicant indicated that she had made no progress in dealing with the debt. (GE 3 at 3-5; Tr. 36) The debt is unresolved.

SOR ¶ 1.d – Applicant has denied this cell phone account throughout the security investigation. She believed that she was the victim of identity theft. She did not disclose the account in her April 2023 e-QIP because she did not want to admit responsibility for an account that did not belong to her. Though Applicant provided no record of disputing this account, the account does not appear on the Government credit report. (GE 3 at 5; Tr. 37) See GE 2. The account is resolved in Applicant's favor.

SOR ¶ 1.e – This is a medical account that became delinquent in April 2023. Applicant was certain that her medical insurance was active at the time the services were rendered. She also pointed out that the debt did not represent co-insurance but a regular bill. She opined that she could get documentation. She claims that she disputed the debt and it was removed from her credit report. There is no evidence that she disputed the debt since it still appears in the Government CBR. (GE 2 at 3; Tr. 37-38)

SOR ¶ 1.f – Even though Applicant admitted the debt in her answer and was trying to negotiate payments with the collection agency, she claimed at the hearing that she disputed the debt and it was removed from her credit report. Her claim is contradicted by Government CBR that shows the debt is still in her credit report. (GE 2 at 3; Tr. 38-39)

SOR ¶ 1.g – Though Applicant admitted this debt in her answer to the SOR, she added at the hearing that she disputed the debt and would be able to get documentation to support her dispute. (Tr. 39) No documentation was presented.

SOR ¶ 1.h – Though Applicant admitted the debt in her answer to the SOR, and was working out payment options, at the hearing she added that she was disputing the debt and intended to retrieve documentation to support her dispute. (Tr. 40) No documentation was submitted.

SOR ¶ 1.i – This is a delinquent account for a personal loan. Applicant admitted in her answer to the SOR that she was searching for payment options with the creditor. She did not know the present status of the debt but recalled that the payment options were too high in 2024 in her discussions with the creditor. She received contact from the collection agency but disputed the account because she was dissatisfied with the information the collection agency provided concerning the account. She took the same position with the SOR ¶ 1.a account. (Tr. 40-43) The account is not resolved.

SOR ¶ 1.j – In her answer to the SOR, Applicant denied failing to file the missing state tax returns for 2014, 2015, and 2016. She could not remember what tax service she used eight to ten years ago but she believed she filed returns for the missing tax years. She supported her answer with her testimony at the hearing in believing that she did file the missing returns. She was unsure whether she could produce proof of having filed returns for missing years. (Tr. 43-48) The allegation is found against her as she provided no documentation to support her claim of filing the state returns.

A current CBR dated May 16, 2025, reflects that Applicant is delinquent on at least two other accounts. In September 2022, she purchased another car. The car was repossessed in October 2024 due to her falling behind in payments. In May 2023, she cosigned for a car that a family member purchased. The car developed major engine problems and the family member stopped making payments on the car. Therefore, as cosigner, Applicant became liable for the account. (GE 4 at 1, 4) Because these two additional debts were not alleged in the SOR, they cannot be used to independently deny her security clearance application. However, the evidence may be used to assess an applicant's credibility; to evaluate an applicant's evidence in mitigation or changed circumstances; to consider whether an applicant has demonstrated successful rehabilitation; or to provide evidence under the whole-person analysis. The unalleged conduct will be considered for these limited purposes.

Applicant gets paid between \$1,900 and \$2,000 in every paycheck that she receives once or twice a month. After she pays her expenses, she does not have any money left over to save. (Tr. 53-54) See GE 3 at 14. While Applicant claimed that she was enrolled in a credit-monitoring service in late 2021, she has never had credit counseling. Though she submitted a personal financial statement (PFS) in April 2024, the net remainder of \$12,652 bears no logical relationship to the monthly income of \$4,520 or total monthly expenses of \$3,474 posted in the exhibit. (GE 3 at 14) More importantly, the PFS contradicts Applicant's testimony where she indicated she has no money left over after she receives her check and pays her expenses. (Tr. 54) In addition, there is no evidence of financial counseling, i.e., balancing a checkbook, saving money, using cash rather than credit, or budgeting, to facilitate the management of her budget.

Policies

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines, which should be applied with common sense and the general factors of the whole-person concept. All available and reliable information about the person, past and present, favorable and unfavorable, should be carefully reviewed before rendering a decision. The protection of the national security is the paramount consideration. AG ¶ 2(d) requires that “[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security.” Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, the applicant is responsible for presenting “witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel.” The applicant has the ultimate burden of persuasion in seeking a favorable security decision.

Analysis

Guideline F, Financial Considerations

AG ¶ 18. Failure to live within one's means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental health conditions, substance misuse, or alcohol abuse or dependence. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

AG ¶ 19. Conditions that could raise a security concern and may be disqualifying include:

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts regardless of the ability to do so;
- (c) a history of not meeting financial obligations; and
- (f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

Good judgment is the primary trait for a holder of a security clearance. In judging whether a person possesses good judgment, investigating how a person handles their personal finances is a valuable way to determine whether they have the necessary judgment to safeguard classified information at all times and in all places. Paying debts in a timely fashion shows good judgment but paying debts sporadically or not at all, suggests that an applicant will display the same attitude toward security rules she chooses not to follow. Adverse evidence from credit reports can usually meet the Government's obligation of proving delinquent debts. See, e.g., ISCR Case No. 14-02403 at 3 (App. Bd. Aug. 18, 2015); ISCR Case No. 03-20327 at 4 (App. Bd. Oct. 26, 2006). The Government's credit reports establish that the debts listed in the SOR became delinquent between 2017 and October 2023, with most of the debts becoming delinquent in 2022 and 2023. The total amount of debt posted in the SOR is the revised amount of \$35,610, because SOR ¶ 1.d has been found in Applicant's favor. Several of the listed debts have been delinquent for three years. AG ¶¶ 19(a) and 19(c) apply. AG ¶ 19(b) applies because Applicant has demonstrated throughout the security investigation a failure to act on her delinquent debts in a financially responsible manner. SOR ¶ 1.f applies based on Applicant's failure to file state tax returns for 2014, 2015, and 2016.

AG ¶ 20. Conditions that could mitigate security concerns 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 good judgment;
- (b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances;
- (c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source, such as a non-profit credit counseling service, and there are clear indications that the problem is being resolved or is under control;
- (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; and

(g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

AG ¶ 20 (a) is not available for mitigation because eight of the nine listed debts have not been favorably resolved. Although the April 2024 SOR listed nine delinquent debts, I have found SOR ¶ 1.c in Applicant's favor because it is not listed in the Government credit report. On July 7, 2025, Applicant still owes for the eight delinquent debts plus at least two additional accounts not alleged in the SOR that have become delinquent more recently. Her current indebtedness to at least eight creditors raises ongoing security concerns about her reliability, trustworthiness and good judgment.

I have considered the learning disability of Applicant's son and her commendable efforts with the school systems to help him achieve his IEP objectives. Leaving work to attend IEP meetings has reduced her earnings over the years which has meant less money available to pay bills. Receiving irregular child support payments also reduced her ability to pay her debts. Applicant's unemployment compensation during unemployment from November 2020 to July 2021 because of COVID was another fact that reduced her earnings by 35%.

However, other than Applicant's claims of calling several of the creditors, she provided no documentation in advance of the May 2025 hearing of taking action to resolve any of the listed debts. The documentation she finally provided were two payment plans without evidence that payments were made under either payment plan. In sum, AG ¶ 20(b) has minimal application because Applicant did not act responsibly under the circumstances. AG ¶ 20(d) is likewise unavailable for mitigation as there is no evidence of a good-faith effort to repay past due debts.

AG ¶ 20(c) is inapplicable because Applicant has never had financial counseling. Though she claims she participated in a credit-monitoring service, there is no evidence to show that the service was effective in helping Applicant regain control over her indebtedness.

AG ¶ 20(e) does not apply to the listed debts except for the SOR ¶ 1.d account. As to the other eight debts, Applicant failed to state a reasonable basis for the disputes and provided no "documented proof to substantiate the basis of the dispute." AG ¶ 20(g) is not available for mitigation because Applicant did not provide proof that she filed the missing state tax returns for 2014, 2015, and 2016.

In Guideline F cases, the DOHA Appeal Board has repeatedly held that, to establish her case in mitigation, an applicant must present a "meaningful track record" of debt repayments that result in debt reduction. See, e.g., ISCR Case No. 05-01920 at 5

(App. Bd. Mar. 1, 2007). While an applicant is not required to show that every debt listed in the SOR is paid, the applicant must show that she has a plan for debt resolution and has taken significant action to implement the plan. See, e.g., ISCR Case No. 02-25499 at 2 (App. Bd. Jun. 5, 2006). Applicant has done neither.

Whole-Person Concept

I have examined the evidence under the specific guidelines in the context of the nine general factors of the whole-person concept listed at AG ¶ 2(d):

- (1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for access to classified information must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept.

Applicant is 37 years old and has an 18-year-old son. She has devotedly raised her son and faithfully participated in her son's IEP over the years, coping with the challenge of inconsistent child support from the father, and a six-month period of unemployment in 2021 caused by the COVID- pandemic. However, Applicant has not been proactive in addressing her delinquent debts listed in the SOR. Due to the absence of financial counseling, a budget, or an overall plan to address her debts, she has not overcome the current security concerns based on the guideline for financial considerations.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by section E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a,1.b, 1.d-1.j:	Against Applicant
Subparagraph 1.c:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with the national security interest of the United States to grant Applicant eligibility for access to classified information. Eligibility for access to classified information is denied.

Paul J. Mason
Administrative Judge