



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



In the matter of:

Applicant for Security Clearance)

) ISCR Case No. 24-02485

Appearances

For Government: LaurenAnn L. Shure, Esq., Department Counsel
For Applicant: *Pro se*

09/26/2025

Decision

Hale, Charles C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

On January 17, 2025, the Department of Defense (DoD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F, financial considerations, explaining why it was unable to find it clearly consistent with the national interest to grant security clearance eligibility. The DoD took the action under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DoD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the National Adjudicative Guidelines (AG) effective for any adjudication made on or after June 8, 2017.

On April 7, 2025, Applicant answered the SOR, and admitted the 14 allegations, and requested a decision based on the administrative (written) record in lieu of a hearing. On April 25, 2025, Department Counsel prepared a File of Relevant Material (FORM),

setting forth the Government's arguments against Applicant's security clearance worthiness. The FORM contains seven attachments, identified as Item 1 through Item 7.

Applicant received a copy of the FORM on May 10, 2025. She was given 30 days to file a response to file objections and submit material to refute, extenuate, or mitigate the security concerns. She filed a timely Response, which included one exhibit, which I have identified as Applicant's Exhibit (AE) A. Her Response was received and uploaded without objection on June 30, 2025 and July 1, 2025 respectively. The case was assigned to me on September 2, 2025. FORM Items 1 and 2, the SOR and Applicant's Answer, as well as her Response, are pleadings in the case. Items 3 through 7 and AE A are admitted without objection.

Findings of Fact

Applicant is 31 years old. She became a U.S. citizen in 2011. She has been with her partner since 2015, and they have lived together since 2020. She has no children and has never married. (Item 3 at 5-6, 19-20.)

Applicant received her bachelor's degree in 2018 and her master's degree in 2022. She has been employed by her sponsor in her professional field since July 2024. During her first year of college, she was unemployed from May 2014 to February 2015. From February 2015 to March 2020, she worked as supervisor and trainer in the food service industry. From 2019 to September 2021, she worked as a regional coordinator for a conservation association. In October 2021, she took a position as a senior recruiter until September 2022, when she was laid off. While she was unable to find work in her field, she worked as a food server and driver from September 2022 to September 2023, while seeking employment in her field. In her Answer she states her current position earns about 30% less than what she had been making prior to being laid off. She has never held a clearance. (Item 3 at 10-16, 43; Answer.)

Applicant admitted all fourteen allegations in her Answer. Based on her Response admitted and not resolved are SOR ¶ 1.a for \$12,641, SOR ¶ 1.c for \$4,695, SOR ¶ 1.f for \$972, SOR ¶ 1.g for \$774, SOR ¶ 1.i for \$312, SOR ¶ 1.j for \$177, and SOR ¶ 1.m for \$7,114, which total over \$26,000. She attributed her delinquencies to the period of unemployment which began in September 2022. In her Answer she stated:

I got [laid] off in September 2022 and was not able to find a job for more than 2 years in my field and was not able to pay my bills. I was also not getting unemployment benefits due to some paperwork issue. I used my credit cards to be able to stay afloat after going through my savings. Prior to the layoff, I had a perfect payment score in all my cards without being late. I recently started working in my profession again in July 2024 with 30% less than my regular salary. Since working again, I have been paying back my credit cards one at a time. I am not able to pay make payments in all of them, but I am making payment in most of them. [My mortgage] is also back to current and making regular payments. The financial problems are not due

to "not being able to live with in my means" or "gambling or drug problems" but due to my loss of job due to the economy and a budget cut in my prior company. I didn't have any means of survival other than my credit cards. I would be happy to provide proof of the payments I have made thus far.

In her Response, Applicant stated that for SOR ¶ 1.a, an account that had been charged off in the amount of \$12,641, was in the process of being enrolled in a payment plan to address the "debt responsibly." In her September 2024 interview, she told a DoD investigator that she tried to pay off this account but could not keep up with the interest. She tried to work out a payment plan with the creditor, but she could not afford it and planned to contact the creditor to start a payment plan now that she had a higher income. The last paid date is in May 2023. (Response; Item 6 at 7; Item 7.)

In her Response, Applicant stated SOR ¶ 1.b, an account that had been charged off in the amount of \$7,271, had been enrolled in a payment plan and that she was making regular monthly payments. In her September 2024 interview, she told a DoD investigator that she had paid about \$1,500 through the payment plan so far, which she began in April 2024 and expected to complete in 24 months. The most recent credit report shows a current balance of \$5,171 as of March 2025. This debt is being resolved. (Item 6 at 7; Item 7.)

Applicant stated in her Response that SOR ¶¶ 1.e (\$314) and 1.h (\$205), accounts with the same creditor, had "been fully paid off and that she was now "actively entering into a payment plan with [SOR ¶ 1.c] creditor" (\$4,695). The January 2025 credit report shows SOR ¶¶ 1.e and 1.h became delinquent in March 2024 and it had reviewed Applicant's payment history going back 25 months. Neither SOR ¶¶ 1.e and 1.h appear on the April 2025 credit report. Both credit reports are from the same credit reporting service and based on the number of months reviewed in these credit reports for these debts and other debts, SOR ¶¶ 1.e and 1.h, appear to be resolved. (Response; Item 5; Item 6.)

In her Response, Applicant stated that SOR ¶ 1.d, an account which had been charged off in the amount of \$4,523, had been paid in full. She told a DoD investigator in September 2024 that she planned to contact the creditor to start a payment plan. The most recent credit report from April 2025 shows a current balance of \$522, with a last paid date of April 2025. This debt is resolved. (Item 6 at 7; Item 7.)

Applicant told the DoD investigator in September 2024 that SOR ¶ 1.f, a charged-off credit card in the amount of \$972, was a student credit card. However, the open date reflected on the April 2025 credit report is October 2024. She stated she planned to contact the creditor to start a payment plan. (Item 6 at 9; Item 7 at 7.)

Applicant explained to the DoD investigator that SOR ¶ 1.i pertained to a cable box that had never been picked up. She still has the cable box and did not know she owed money for the cable box. She stated would return the cable box and resolve the debt. (Item 6; Item 7 at 7.)

Applicant's credit report reflects she disputed SOR ¶ 1.j, a charged-off debt to an insurance company for \$177. She told the DoD investigator in her September 2024 interview that she had initiated the dispute through the credit reporting service she was using. She did not know what the debt was for. She was using the credit reporting service to help her identify her debts. (Item 6; Item 7 at 7.)

In her Response, Applicant stated that SOR ¶ 1.k, an account that had been charged off in the amount of \$1,149, had been paid in full. The April 2025 credit report reflects the debt and shows a last paid date in December 2022. (Item 6.)

Applicant stated in her Response that SOR ¶ 1.l, a medical account that had been charged off in the amount of \$741, had been paid in full. She told the DoD investigator in her September 2024 interview that she did not know what the debt was for. SOR ¶ 1.l remains on the April 2025 credit report. (Item 6; Item 7 at 7.)

Applicant stated in her Response that prior to her unemployment, she had a clean financial record, with no late payments or signs of financial mismanagement. SOR ¶ 1.m, a delinquent car loan for \$7,114, was charged off in September 2018. She co-signed for a car for her ex-boyfriend from college in 2013 or 2014. They broke up one year later and have had no contact since, except for when she tried to get him to pay for the car. She told the DoD investigator she was young at the time and did not know how credit worked when she co-signed. The credit reports reflect this was a joint account and the account had previously been in dispute. (Response; Item 6 at 2.)

In her Response, Applicant stated that SOR ¶ 1.n, her mortgage, which was alleged to be past due in the amount of \$57,971, was current and that she was "making all payments on time." The Government noted that Item 6, an April 2025 credit report, showed she was current on her mortgage debt. The credit report shows from June 2024 through February 2025 she had been 180 days past due and then as of March 2025 she was current. The April 2025 credit report states "[l]oan modified but not under a federal government plan." (FORM; Item 6 at 1-2.) This debt is resolved.

Applicant's January 2025 credit report showed a total past due amount of \$81,327. Her April 2025 credit report showed her total past due amount was \$23,918. Her credit reports show two credit cards in use. One of which she had opened in 2013 and had a credit limit of \$21,000, with a credit report delinquency counter going back seven years that showed no delinquencies. (Item 5; Item 6 at 1, 8.)

Applicant disputed the Government's claim she was behind on her student loans, which were not alleged. She stated in her Response she "had been making monthly payments continuously and have never stopped" and "any report indicating delinquency may be in error." She provided her student loan repayment history to support her statement. In her September 2024 interview, she told the DoD investigator she had student loans and that they were "all in good standing." (Item 7; Response; AE A.)

Applicant concluded her Response with:

In addition to the payment plans, I am budgeting every paycheck to ensure my financial obligations are met while continuing to reduce overall debt. Although my current income is significantly less than what I previously earned, I have adjusted my lifestyle accordingly and am committed to full financial recovery.

It is important to note that prior to my unemployment, I had a clean financial record, with no late payments or signs of financial mismanagement. The financial challenges I faced were due solely to an unexpected loss of 100% of my income—not from irresponsible or risky behavior. My actions since then—making consistent payments, entering into structured repayment plans, and avoiding new delinquencies—demonstrate my ongoing commitment to responsible financial behavior.

Policies

“[N]o one has a ‘right’ to a security clearance.” *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). As Commander in Chief, the President has the authority to “control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information.” *Id.* at 527. The President has authorized the Secretary of Defense or his designee to grant applicants eligibility for access to classified information “only upon a finding that it is clearly consistent with the national interest to do so.” Exec. Or. 10865 § 2.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, an administrative judge applies these guidelines in conjunction with an evaluation of the whole person. An administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available and reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. Decisions include, by necessity, consideration of the possible risk that the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about potential, rather than actual, risk of compromise of classified information.

Clearance decisions must be made “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” Exec. Or. 10865 § 7. Thus, a decision to deny a security clearance is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense have established for issuing a clearance.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. See *Egan*, 484 U.S. at 531. “Substantial evidence” is “more than a scintilla but less than a preponderance.” See *v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant’s security suitability. See ISCR Case No. 15-01253 at 3 (App. Bd. Apr. 20, 2016).

Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant has the burden of proving a mitigating condition, and the burden of disproving it never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005).

An applicant “has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his security clearance.” ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). “[S]ecurity clearance determinations should err, if they must, on the side of denials.” *Egan*, 484 U.S. at 531.

Analysis

Guideline F: Financial Considerations

The concern under this guideline is set out in AG ¶ 18:

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

Applicant's debts are documented in her credit reports and security clearance interview. The following disqualifying conditions are applicable in AG ¶ 19:

- (a) inability to satisfy debts; and

(c) a history of not meeting financial obligations.

The following mitigating conditions are potentially applicable in AG ¶ 20:

(a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;

(b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, 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; and

(e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue.

AG ¶¶ 20(a) and 20(b) are established. Applicant's delinquent debts are numerous and recent but were incurred under circumstances beyond her control and are unlikely to recur. Prior to losing her position in her professional field she had one debt, which arose when she was young and financially inexperienced, the remainder were incurred after she lost her position in her field and began working as food server and driver. Applicant upon taking her current position took action to regain control of her financial situation by bringing her mortgage into good standing. The credit reports support she has been making regular payments on debts consistent with her statements to the DoD investigator and in her Response. Her actions reflect her current reliability, trustworthiness, and good judgment, and that she has acted responsibly under the circumstances.

AG ¶ 20(c) is not established. Applicant did not provide evidence of any type of financial counseling contemplated by this mitigating condition.

AG ¶ 20(d) is established. Applicant provided substantial evidence that she was active in resolving her debts prior to the SOR, which reflects her good judgment and demonstrates her reliability. ISCR Case No. 16-01211 (App. Bd. May 30, 2018). She has initiated and has adhered to a good-faith effort to repay overdue creditors or otherwise

resolve debts. She made payments to other creditors as evidenced by the credit card she opened in 2013, which had no delinquencies. In this case the evidence demonstrates a good-faith effort to resolve her debts and provides clear indications that her financial problems are being resolved.

AG ¶ 20(e) is partially established. Applicant did not develop the record regarding the disputes as reflected on her credit report. She did not document her basis for these disputes. Of note, the credit reports reflect SOR ¶ 1.m was a joint account consistent with her statement to the DoD investigator.

Applicant does not present a perfect case in mitigation, but perfection is not required. She had a plan to resolve delinquent debt and has documented that she was engaged in her finances prior to the SOR being issued. The record supports that she will continue to do so, or she will lose her security clearance. Under the circumstances of this case, I find that her finances no longer generate security concerns about her judgment, reliability, trustworthiness, and ability to protect classified information. The financial considerations security concerns are mitigated.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. In applying the whole-person concept, an administrative judge must evaluate an applicant's eligibility for a security clearance by considering the totality of the applicant's conduct and all relevant circumstances. An administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

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

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I have incorporated my comments under Guideline F in my whole-person analysis. Overall, the record evidence leaves me without questions or doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant mitigated the financial considerations security concerns.

Formal Findings

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F:

For APPLICANT

Subparagraphs 1.a-1.n:

For Applicant

Conclusion

I conclude that it is clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is granted.

Charles C. Hale
Administrative Judge