



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



Appearances

For Government: Daniel P. O'Reilly, Esq., Department Counsel
For Applicant: *Pro se*

11/20/2025

Decision

BORGSTROM, Eric H., Administrative Judge:

Applicant did not mitigate the security concerns arising from her delinquent debts. Eligibility for access to classified information is denied.

Statement of the Case

On February 20, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). The DCSA acted under Executive Order (EO) 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) implemented by the DOD on June 8, 2017.

In Applicant's March 11, 2025 response to the SOR (Answer), she denied SOR ¶¶ 1.a. and 1.b., and she admitted the debts in SOR ¶¶ 1.c. and 1.d. She provided documentary evidence of a settlement agreement and one payment on one account (SOR ¶ 1.d.). She requested a decision by an administrative judge of the Defense Office of Hearings and Appeals based upon the written record in lieu of a hearing. (Answer)

On May 28, 2025, Department Counsel submitted a file of relevant material (FORM) and provided a complete copy to Applicant. Department Counsel's FORM included Government Exhibits (GE) 1 through 6. In the FORM, Department Counsel provided Applicant notice that failure to respond to the FORM may be considered a waiver of any objections to the admissibility of the evidentiary exhibits.

On June 12, 2025, Applicant received the FORM and its attachments. A cover letter included with the FORM advised Applicant that she had 30 days from the date of receipt to file any objections or to provide any additional information in support of her clearance eligibility. She did not submit a response to the FORM nor object to any of the Government's evidentiary exhibits. The case was assigned to me on November 13, 2025. Government Exhibits (GE) 1 through 6 are admitted into evidence without objection.

Findings of Fact

Applicant is 27 years old. She graduated from high school in 2016, and she attended college-level courses from August 2016 to September 2021. She has never married and does not have any children. (GE 3)

Since January 2018, Applicant has held multiple, overlapping full-time and part-time positions, without any periods of unemployment. In June 2018, she was terminated from her position as a sales associate for violating a store policy. In September 2019, she was terminated from her position as a sales associate for "no call/no show." From June 2018 to January 2024, Applicant was employed part time as a bank teller. She was terminated when her drawer was found to be short on two occasions. Since November 2019, she also held a part-time position at a retail jewelry store, while maintaining her employment at the bank. In November 2023, she began work at an additional part-time position as a sales associate with a retail store. (GE 3)

On March 15, 2024, Applicant completed and submitted an Electronic Questionnaire for Investigations Processing (e-QIP). Under Section 26 – Financial Record, she reported that she had a delinquent student loan in the approximate amount of \$37,000. At the time she completed her e-QIP, the loan remained delinquent, and she claimed to have made or to be making \$50 payments. (GE 3)

In Applicant's February 3, 2025 response to DOHA interrogatories, she admitted that her student loan accounts (SOR ¶¶ 1.a. and 1.c.), totaling approximately \$50,883, remained unresolved. She claimed to have made payment arrangements but no payments. She also admitted SOR ¶ 1.b. and that it remained unpaid. She claimed that SOR ¶ 1.d. had been paid; however, she did not provide any evidence to corroborate this claim. She attached a budget reflecting \$2,250 in monthly income, \$1,925 in monthly expenses, and approximately \$325 remaining. Her budget reflected no payments on her student loans or other debts. (GE 4)

SOR ¶ 1.a. This student loan account was placed for collection in the approximate amount of \$50,883. This account has been delinquent since at least July 2023 without any documentary evidence of deferments, payments, or payment arrangements. In her

response to DOHA interrogatories, Applicant claimed a deferment and some payments; however, there is no corroborating evidence for either claim. **This debt is unresolved.** (GE 3-6)

SOR ¶ 1.b. This charge account was opened in February 2018, became delinquent as of January 2020, and was charged off in the approximate amount of \$413. In her response to DOHA interrogatories, Applicant admitted this delinquent debt, and it is listed on both credit reports. There is no evidence of any payments or payment arrangements. **This debt is unresolved.** (GE 4-6)

SOR ¶ 1.c. This student loan was opened in August 2016 and became delinquent in July 2019. It appears to have been sold to another creditor and may be reflected as SOR ¶ 1.a. Both credit reports reflect a charged off account with a zero balance. The record evidence does not establish that Applicant owes any liability on this student loan. **This allegation is not established.** (GE 5-6)

SOR ¶ 1.d. This vehicle loan was opened in July 2019 and became delinquent in early 2024. As of November 2024, this loan was at least 120 days past due in the approximate amount of \$648. With her Answer, Applicant attached a February 2025 settlement agreement of \$133 and evidence of a \$33 payment. She has not provided any documentary evidence of further payments. **This debt is unresolved.** (GE 4-5)

In her Answer, Applicant stated that she did not have any knowledge of the debts alleged in SOR ¶¶ 1.a. and 1.b. She admitted SOR ¶ 1.c. and explained that she had been unable to afford monthly payments sought by the creditor after she stopped attending college. She did not express any intent to contact the creditors in SOR ¶¶ 1.a., 1.b., and 1.c. to identify the unknown accounts and establish payment plans. She provided no evidence of payments on the outstanding balance of the settlement agreement. (Answer)

Policies

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's eligibility for access to classified information.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines in conjunction with the factors listed in the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(a), the entire process is a conscientious scrutiny of a number of variables known as the "whole-person concept." The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that “[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security.”

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, the applicant is responsible for presenting “witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by the applicant or proven by Department Counsel.” The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to sensitive information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive information.

Section 7 of EO 10865 provides that adverse decisions shall be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See also EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F: Financial Considerations

The security concern for financial considerations is set out in AG ¶ 18:

Failure to live within one’s means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual’s reliability, trustworthiness, and ability to protect classified or sensitive information. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental health conditions, substance misuse, or alcohol abuse or dependence. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. . . .

The guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable in this case:

- (a) inability to satisfy debts; and

(c) a history of not meeting financial obligations.

The Government established Applicant's three delinquent consumer accounts (SOR ¶¶ 1.a., 1.b., and 1.d.), totaling approximately \$51,428. The Government did not establish the debt in SOR ¶ 1.c. AG ¶¶ 19(a) and 19(c) apply.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable in this case:

(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 has 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.

Applicant bears the burdens of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his or her debt-resolution efforts or required to be debt-free. "Rather, all that is required is than an applicant act responsibly given [her] circumstances and develop a reasonable plan for repayment, accompanied by 'concomitant conduct,' that is, actions which evidence a serious intent to effectuate the plan." ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017). See, e.g., ISCR Case No. 13-00987 at 3, n.5 (App. Bd. Aug. 14, 2014).

Applicant's two credit reports illustrate that her three delinquent accounts remain delinquent, and her financial problems are ongoing. There is no evidence of credit counseling. AG ¶¶ 20(a) and 20(c) do not apply.

Applicant did not directly identify any circumstances beyond her control that contributed to her financial delinquencies; however, in her Answer, she indicates that she was unable to afford her student loan payments. Her employment history reflects overlapping full-time and part-time positions, but there is very limited information as to her income. Applicant bears the burden to establish circumstances beyond her control that largely contributed to her financial problems and that she acted responsibly. She did not provide sufficient evidence to establish either element of AG ¶ 20(b).

Applicant provided documentary evidence of one \$33 payment. She has not demonstrated a track record of good-faith efforts to resolve these delinquent accounts. AG ¶ 20(d) does not apply.

Applicant denied knowledge of SOR ¶¶ 1.a. and 1.b.; however, these delinquent accounts are established by her credit reports. There is no evidence of any disputes filed, and she has not provided documented evidence of a dispute or efforts to resolve these two unfamiliar accounts. AG ¶ 20(e) does not apply. Applicant did not mitigate the financial considerations security concerns.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for access to classified information by considering the totality of the applicant's conduct and all relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

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

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F and the factors in AG ¶ 2(d) in this whole-person analysis.

Although Applicant did not directly address the causes of her financial delinquencies, the record evidence suggests periods of underemployment or lower income may have prevented her from making her student loan payments. Notwithstanding these circumstances, she has not demonstrated that she has acted responsibly to address and resolve her delinquent debts. There is no plan in place to

make payments on her delinquent accounts. Based upon the record evidence, doubts remain as to her financial responsibility, reliability, and judgment. She did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

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.:	Against Applicant
Subparagraph 1.c.:	For Applicant
Subparagraph 1.d.:	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is not clearly consistent with the interests of national security to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Eric H. Borgstrom
Administrative Judge