



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



In the matter of: )  
 )  
 ) ISCR Case No. 23-02668  
 )  
 )  
Applicant for Security Clearance )

## Appearances

For Government: Andrew H. Henderson, Esq., Department Counsel  
For Applicant: Bradley P. Moss, Esq.

02/13/2025

## Decision

LOUGHREN, Edward W., Administrative Judge:

Applicant mitigated the security concerns under Guideline F (financial considerations). Eligibility for access to classified information is granted.

## **Statement of the Case**

On December 19, 2023, the Department of Defense (DoD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. Applicant responded to the SOR on February 1, 2024, and requested a hearing before an administrative judge. The case was assigned to me on July 25, 2024. The hearing convened as scheduled on October 23, 2024.

Government Exhibits (GE) 1 through 5 were admitted in evidence without objection. GE 6 was admitted over Applicant's objection. Applicant testified and submitted Applicant Exhibits (AE) A through J, which were admitted in evidence without objection. The record was held open for Applicant to submit additional documentary evidence. He submitted a document I have marked as AE K and admitted in evidence without objection.

## **Findings of Fact**

Applicant is a 39-year-old employee of a defense contractor. She has worked for her current employer since February 2016. She is applying for a security clearance for the first time. She earned a bachelor's degree in accounting in 2009 and a master's degree in finance in 2010. She is married with an eight-year-old child. (Tr. at 13-16, 19, 44, 46-47; Applicant's response to SOR; GE 1, 2)

The SOR alleges three delinquent debts: two delinquent consumer debts for \$26,917 and \$13,768, and an unpaid \$603 medical debt. Applicant admitted that she owed all the debts.

Applicant and her husband earned a combined income of about \$300,000 in 2019, but her credit card balances were high, so she borrowed \$40,000 to consolidate her debts under one loan. The \$40,000 was divided into two loans and are the two defaulted accounts alleged in SOR ¶¶ 1.a and 1.b. Applicant attributed her issues to frequent work travel where her employer paid for her to travel, but she had to bring her infant child with her, which was not covered by her employer. She and her husband also took multiple vacations to foreign countries between 2015 and 2020. She stated that most of the costs of those trips were paid through travel points that she earned from her work travel. (Tr. at 18-32, 47-52; GE 2)

Applicant sought additional help with her finances in 2021 from a debt resolution company. She enrolled four debts totaling about \$69,000 in the company's debt relief program, including the debts alleged in SOR ¶¶ 1.a and 1.b. She agreed to stop paying the debts and let them become delinquent. She would deposit \$502 to a dedicated account each month, starting in October 2021. The company agreed to negotiate settlements with her creditors and pay the settlement amounts from the dedicated account, minus their fees. In December 2021, the debt resolution company terminated the contract because Applicant did not make any of the payments to the dedicated account. (Tr. at 28-32; 47-54; AE G)

Applicant testified that there was a mistake with the account information for transfers to the dedicated account. She was extremely busy at work and caring for a young child, and she did not notice for an extended period that the deposits were not being made. She also had significant medical issues and procedures in 2021, 2022, and 2023, and she assisted her parents, who had medical problems after an auto accident in December 2022. (Tr. at 26-28, 32-35, 52; Applicant's response to SOR)

Applicant submitted a Questionnaire for National Security Positions (SF 86) in April 2022. Under the financial questions, she reported a \$302 medical debt that she had paid, but she did not report the SOR ¶¶ 1.a and 1.b debts. (GE 1)

Applicant was interviewed for her background investigation in July 2022. She did not report the SOR ¶¶ 1.a and 1.b debts until she was confronted with them by the interviewer. She stated that she had been paying about \$900 to the debt resolution company since about December 2021. She stated the company consolidated her debt

in one place. She reported the status of the debts when she responded to DoD interrogatories in November 2022. (GE 2, 3)

Applicant testified that she did not report the debts on the SF 86 and during the background interview because she had not realized that the dedicated account was not receiving the deposits and the contract had been terminated. She thought the accounts were being paid. (Tr. at 32-34, 57-66)

In 2023, the collection company for the \$26,917 debt alleged in SOR ¶ 1.a sued Applicant and her husband. They retained an attorney and settled the lawsuit and debt with a stipulation and order of judgment. They agreed to pay \$17,750 through 48 monthly payments of \$370, starting in July 2024, and ending in June 2028. They paid \$1,917 toward the debt on July 3, 2024. They made \$370 payments in August and September 2024. (Tr. at 36-39, 56-57; AE D, E)

In August 2024, Applicant settled the \$13,768 debt alleged in SOR ¶ 1.b for \$4,130. She documented that the lump-sum payment was completed in August 2024. (Tr. at 40-41; AE F)

Applicant did not recognize the \$603 medical debt alleged in SOR ¶ 1.c. After she received the SOR, she decided to just pay the debt. She resolved the debt with a \$603 payment in February 2024. (Tr. at 41; AE H)

Applicant admitted that she did not handle the family's finances well. Her education, degrees, and job are in accounting and finance, so she knew better, but with her job, young child, and other distractions, she did not pay sufficient attention to her finances. Her husband is now involved in the family's finances. Their current combined annual income is about \$550,000. She credibly asserted that she has learned a valuable and costly lesson, that she plans to complete the judgment payments, and that there will be no additional delinquent debts. (Tr. at 14, 22, 41-46, 64-65, 69-72; GE 1, 2; AE I, J)

Applicant submitted letters attesting to her strong moral character. The authors praised her for her judgment, ethics, dedication, trustworthiness, and integrity. (AE A-C)

## Policies

This case is adjudicated 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 adjudicative guidelines (AG), which became effective on June 8, 2017.

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(c), 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 classified 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 classified information. Decisions include, by necessity, consideration of the possible risk the Applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified 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;
- (b) unwillingness to satisfy debts regardless of the ability to do so; and
- (c) a history of not meeting financial obligations.

Applicant has a history of not meeting her financial obligations. AG ¶ 19(c) is applicable. This is a somewhat unique case because I do not find that she was unable to pay her debts or that she was completely unwilling to satisfy them. I believe she always planned to satisfy her debts by settlement through the debt resolution program. They went unpaid more from negligence than an intentional act to not pay them. AG ¶ 19(a) is not applicable. AG ¶ 19(b) has some applicability, because she followed the debt resolution company's advice to stop paying her debts.

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

- (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;
- (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; and
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

All the SOR debts have been resolved or are in the process of being resolved. She paid the \$603 medical debt (SOR ¶ 1.c) in February 2024. She settled the \$13,768 debt (SOR ¶ 1.b) for \$4,130 in August 2024. She settled the \$26,917 debt (SOR ¶ 1.a) and lawsuit for \$17,750 through 48 monthly payments of \$370, starting in July 2024, and ending in June 2028. She has paid about \$2,650 toward the settlement, but she has years of payments left. AG ¶ 20(d) has minimal applicability because two of the debts were settled (See, e.g., ISCR Case No. 08-12184 at 10 (App. Bd. Jan.7, 2010)),

and most of her efforts to resolve her debts were done after she received the SOR (See, e.g., ISCR Case No. 20-02971 at 4 (App. Bd. Jun. 15, 2023)).

Applicant was busy at work and traveling a lot; she was caring for her young child and her parents after their car accident; and she had her own medical issues. However, she is an accountant and financial expert. Despite that expertise, she readily admits that she let herself down by not paying attention to her finances.

I believe that Applicant exercised poor judgment in how she handled her finances. I also believe that she has learned from the experience, and she has the income and wherewithal to prevent it from happening again. Her financial problems are being resolved and are unlikely to recur. AG ¶¶ 20(a) and 20(c) are not perfectly applicable, but they are sufficient, in conjunction with the whole-person factors, to mitigate the security concerns raised by Applicant's financial issues.

### **Whole-Person Concept**

Under the whole-person concept, the 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. 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 have incorporated my comments under Guideline F in my whole-person analysis. I also considered Applicant's favorable character evidence.

Appendix C of the adjudicative guidelines gives me the authority to grant conditional eligibility "despite the presence of issue information that can be partially but not completely mitigated, with the provision that additional security measures shall be required to mitigate the issue(s)." I have not done so here as I have concluded the issues are completely mitigated, and it is unnecessary to further monitor Applicant's finances.

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**

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:                          For Applicant

Subparagraphs 1.a-1.c:                          For Applicant

## **Conclusion**

It is clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is granted.

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Edward W. Loughran  
Administrative Judge