



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



In the matter of:

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ISCR Case No. 24-01659

Applicant for Security Clearance

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**Appearances**

For Government: Cynthia Ruckno, Esq., Department Counsel  
For Applicant: *Pro se*

09/05/2025

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**Decision**

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MURPHY, Braden M., Administrative Judge:

Applicant provided sufficient evidence to mitigate the financial security concerns arising from her delinquent debts. Applicant's eligibility for access to classified information is granted.

**Statement of the Case**

On April 12, 2024, Applicant submitted a security clearance application (SCA) in connection with her employment in the defense industry. On February 21, 2025, the Department of Defense (DOD) issued her a Statement of Reasons detailing security concerns under Guideline F (financial considerations). DOD issued the SOR 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 Security Adjudicative Guidelines (AG), which became effective within the DOD on June 8, 2017.

Applicant answered the SOR on March 8, 2025, and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The case was assigned to me on July 2, 2025. On July 3, 2025, following consultation by email with the parties, DOHA issued a notice scheduling the hearing for July 23, 2025, to occur by video teleconference.

The hearing was held as scheduled. Department Counsel submitted Government Exhibits (GE) 1 through 3. Applicant testified and submitted documents that I marked as Applicant Exhibits (AE) A through F. All exhibits were admitted without objection. Applicant also submitted numerous documents with her SOR response. These documents are not separately described or identified, except as needed, though they are in the record as part of Applicant's answer. (Tr. 20)

I left the hearing record open until August 6, 2025, to allow Applicant the opportunity to submit additional documentation. She timely submitted a personal financial statement (PFS) (AE G) and four reference letters (combined as AE H). These exhibits are marked and admitted without objection. DOHA received the transcript (Tr.) on August 1, 2025. The record closed on August 6, 2025.

### **Findings of Fact**

In her SOR response, Applicant addressed each debt but denied the specific amounts owed in SOR ¶¶ 1.a-1.g and provided supporting explanations and documents. I construe her answers as admitting each SOR debt but not the amounts alleged. (Tr. 9)

Applicant is 50 years old. She was married for 24 years, until 2020, when she and her husband divorced. They had separated in 2017. She has a 28-year-old son and an 18-year-old daughter. She earned a bachelor's degree in business finance in 2015 and she has two associate degrees from a technical school (2012 and 2024) (GE 1; Tr. 47-50, 68-69)

Applicant worked at a bank for several years until late 2016, when she was laid off when the bank was sold. She was unemployed until mid-2017. From mid-2017 until September 2022, she held several positions in the banking and finance industries, mostly for the same employer. She began working for a federal contractor in October 2022 and has remained in the financial field. She began working with her most recent clearance sponsor in January 2023 and submitted her SCA in April 2024. She has never held a clearance before. (GE 1; Tr. 52-60)

Applicant has been unemployed since March 21, 2025, shortly after the SOR was issued, though she remains sponsored for an industrial clearance as a federal contractor through another government agency (AGA) (GE 1; Tr. 35-) (This was not addressed at

hearing, but the AGA sponsoring Applicant's federally contracted employment is covered by the Directive. (See Directive at ¶ 2.2)

Applicant disclosed several delinquent debts on her April 2024 SCA and disclosed that she has been working with a debt consolidation company. (GE 1) She discussed the full extent of her delinquencies in her background interview a month later, with assistance from the April 2024 credit report the interviewing agent provided. (GE 2, GE 3) This is the only credit report in the record.

Applicant has worked in the financial field for many years. Because of her professional background, she takes her credit very seriously. She became financially overextended when her job was restructured and she lost the ability to earn commissions and overtime pay. She also acknowledged that she underestimated the costs of owning a home. Applicant purchased her home in March 2021, about a year after her divorce. She said her debts just built up over time. (Tr. 49-52) She considered bankruptcy but wanted "to do the honorable thing and fight for my credit." (Tr. 30-35, 47, 60-61)

Instead of bankruptcy, Applicant contacted a debt relief firm. She contracted with a debt relief program (DRP) in August 2022, almost two years before submitting her SCA. She has been paying them \$587 every two weeks (\$1,174 a month) ever since. Many of the debts she listed in the DRP have already been resolved. (Tr. 31-47)

AE F is a list of the 16 debts reported to the DRP. All of them are consumer accounts. The debts in the DRP total \$66,037. According to the terms of the agreement, she expected (or expects) that the DRP would settle her debts at about 59% of what was owed (\$38,961), while recouping fees of about \$19,150. Applicant would pay \$1,223 per month for 48 months until August 2026 -- a combined payment of \$58,734, resulting in expected savings to her of about \$7,300. (AE F; Tr. 39-47)

The seven debts in the SOR (¶¶ 1.a-1.g) total \$49,156. The debt totals are taken from the April 2024 credit report. (GE 2) All of the SOR debts are listed in the DRP, as of August 2022. (AE F) They are all consumer credit debts. (Tr. 63-64)

The current status of the SOR debts is as follows:

SOR ¶ 1.a (\$10,387) is an account that has been charged off by Bank U. As of August 2022, Applicant owed \$9,245 to this creditor. (AE F at debt 15). The account has not yet been addressed by the DRP but is part of the program. (Tr. 28-29)

SOR ¶ 1.b (\$9,538) is an account that has been charged off by Bank C. As of August 2022, Applicant owed \$13,097 to this creditor. (AE F at debt 7). Applicant provided

documentation about the current status of this debt with her SOR response. (Answer documents; Tr. 28) This account has been resolved.

SOR ¶ 1.c (\$8,527) is a credit account with a home furnishing store, an account that has been charged off. As of August 2022, Applicant owed \$4,647 to this creditor (AE F at debt 13) She documented that the DRP had arranged to settle the account (balance of \$8,486) for \$6,400 (10 monthly payments of \$640). She documented that the first two payments have been made. (AE C; Tr. 23-24) This account is being resolved.

SOR ¶ 1.d (\$6,555) is a credit account that has been charged off by Bank D. As of August 2022, Applicant owed \$6,275 to this creditor (AE F at debt 9) Since July 2024, Applicant has made 12 of the 24 required payments to settle this account for \$5,264. (AE E; Tr. 25-27) This account is being resolved.

SOR ¶ 1.e (\$6,329) is a credit account that has been charged off by Bank A. As of August 2022, Applicant owed \$6,089 to this creditor. (AE F at debt 1) She provided documentation that in March 2025, the creditor agreed to settle the account (balance of \$6,409) for \$5,650, with an initial payment of \$245 and monthly payments of \$235 thereafter, a 24-month payment schedule. (AE A) Applicant documented that she had made four payments, totaling \$950. (AE B; Tr. 20-23) This account is being resolved.

SOR ¶ 1.f (\$5,095) is a credit account for a furniture store. As of August 2022, Applicant owed \$4,801 to this creditor (AE F at debt 14) She provided documentation that the creditor recently agreed to settle the account for about \$2,293 over 24 months. She documented that she had made two payments, totaling \$191. (AE D; Tr. 24-25) This account is being resolved.

SOR ¶ 1.g (\$2,725) is a credit account that has been charged off by Bank W. As of August 2022, Applicant owed \$2,162 to this creditor (AE F at debt 16) The account has not yet been addressed by the DRP but is part of the program.

Applicant has also fallen further behind more recently, since the issuance of the SOR led to the removal of her interim clearance access (and thus, to the loss of her job). She wants to return to work so she can restabilize her finances and continue addressing her debts. (Tr. 74-76)

Despite her recent employment issues, Applicant remains current on her mortgage, of about \$1,500 a month. She is supported by her son. Her daughter is also self-sufficient. Applicant credited her finance degree with teaching her the importance of good credit. (Tr. 64; AE G) She said she has good credit beyond the SOR debts. She has no student loans. (Tr. 67, 69)

Applicant has no unfiled tax returns but acknowledged three years of past-due federal income tax debt (2022, 2023, 2024). She estimated that she owes between \$4,000 and \$5,000 in-past-due taxes, for which she pays \$100 a month in a repayment plan. She had state tax debt, but it has already been paid off. She attributed her tax debt to the fact that she no longer can claim her daughter as a dependent, though she acknowledged she may also be under-withholding. (Tr. 70-73)

When Applicant submitted her post-hearing PFS, she included the income she was earning in March 2025, before she was laid off. At that time, she earned about \$4,000 a month in net income, with a gross monthly salary of \$5,079, an annual salary of almost \$61,000. (Tr. 79; AE G)

According to her PFS, Applicant has about \$1,565 in monthly regular expenses (not including her mortgage). Her mortgage payment is about \$1,522. Her payment to the DRP is about \$1,175, and she has other credit card payments of about \$680. Her debt payments total about \$3,375. When combined with her \$1,565 in regular expenses, she is running a deficit of about \$930 each month, even when she was employed. She reported about \$8,500 in savings. (AE G)

Applicant submitted several character reference letters from people she knows well, either personally or professionally. All of them attested to her fine character, including her professionalism, integrity, trustworthiness, responsibility, honesty and respect for confidentiality. (AE H)

## Policies

It is well established that no one has a right to a security clearance. As the Supreme Court has held, "the clearly consistent standard indicates that security determinations should err, if they must, on the side of denials." *Department of the Navy v. Egan*, 484 U.S. 518, 531 (1988).

The adjudicative 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 several 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 access to classified information will be resolved in favor of the national security." In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained

in the record. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, an “applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel, and has the ultimate burden of persuasion as to obtaining 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 that an applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified information.

## **Analysis**

### **Guideline F, Financial Considerations**

The security concern relating to the guideline for financial considerations is set out, in relevant part, 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. . . .

This concern is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual's self-control, judgment, and other qualities essential to protecting classified information. An individual who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Applicant became financially overextended after her 2020 divorce and 2021 home purchase. Her delinquent debts, as detailed and alleged in the SOR, total about \$47,000. They are sufficient to raise financial considerations security concerns under AG ¶¶ 19(a) (inability to satisfy debts) and 19(c) (a history of not meeting financial obligations).

The following mitigating conditions under AG ¶ 20 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;
- (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, or 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; and
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts

Applicant has had a long career in the financial industry. When she found herself in dire financial straits, she decided to address her debts through a debt consolidation firm rather than bankruptcy. She contracted with a DRP in August 2022 and entered 16 consumer debts into the program. She has been paying almost \$1,200 a month to them ever since. Her original debt load, as of August 2022, was about \$66,000. Several of those debts are now resolved, or at least they are not reflected in the SOR, which alleges seven debts (SOR ¶¶ 1.a-1.g).

Of those, all but two (SOR ¶¶ 1.a and 1.g) are under settlement and repayment arrangements through the DRP, and Applicant expects that the others will follow and that she will continue to address her debts as best she can. She has been unemployed since losing her interim clearance in March 2025 but she has kept up her payments.

Applicant's financial problems are not entirely due to circumstances beyond her control. She purchased a home after her divorce but acknowledges that she simply became overextended financially. She has some recent past-due taxes, all attributable to under-withholdings. This lessens the mitigating effect here, as it cannot be said that her debts are largely attributable to circumstances beyond her control. AG ¶ 20(b) does not fully apply. AG ¶ 20(a) does not fully apply since Applicant's debts are ongoing.

However, the Appeal Board has held that it is not necessary to pay off all the debts alleged in the SOR, nor is it required that they be paid off in any particular way. What is required is only that an applicant have a reasonable plan to pay off her debts and have taken some steps towards execution of that plan. See, e.g., ISCR Case No. 09-08462 at 3 (App. Bd. May 3, 2011; ISCR Case No. 14-00504 at 2 (App. Bd. Aug. 4, 2014). Rather, an applicant is required to demonstrate that he or she has “established a plan to resolve his [or her] financial problems and taken significant actions to implement that plan.”

Applicant has established that several of her SOR debts are being responsibly paid and resolved. She has repayment agreements in place for several of her debts. While several of them remain unresolved, I conclude that her debts are sufficiently under control and under a responsible, long-term repayment plan. I conclude that Applicant has shown enough good faith to repay her creditors and to resolve her overdue debts, backed by corroborating documentation. AG ¶ 20(d) applies.

### **Whole Person Concept**

I weighed the evidence as a whole and considered that the favorable evidence substantially outweighed the unfavorable evidence. I also gave due consideration to the whole-person concept, her credible testimony, and to her character evidence, under 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.

Overall, the record evidence leaves me with no questions or doubts as to Applicant's eligibility and suitability for a security clearance. I conclude she provided sufficient evidence to mitigate the security concerns arising under Guideline F, 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:

FOR APPLICANT

Subparagraphs 1.a-1.g:

For Applicant

### **Conclusion**

Considering all the circumstances presented, it is clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Eligibility for access to classified information is granted.

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Braden M. Murphy  
Administrative Judge