



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



## **Appearances**

For Government: Brittany C.M. White, Esq., Department Counsel  
For Applicant: *Pro se*

08/08/2025

## 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**

Applicant submitted a security clearance application (SCA) on October 27, 2023. On November 26, 2024, the Department of Defense (DoD) issued her a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DoD acted under Executive Order (Exec. Or.) 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) promulgated in Security Executive Agent Directive 4, National Security Adjudicative Guidelines (June 8, 2017).

Applicant answered the SOR on December 11, 2024, and requested a decision on the written record without a hearing. Department Counsel submitted the Government's

written case on January 30, 2025, including Items 1-10. A complete copy of the file of relevant material (FORM) was received by Applicant on February 5, 2025, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the Government's evidence. She elected to not respond. The case was assigned to me on July 29, 2025.

Form Items 1 and 2, the SOR and her Answer respectively, are the pleadings in the case. FORM Items 3 through 10 are admitted into evidence without objection. Applicant with her Answer included a letter from a debt relief firm (DRF) stating her enrollment with them along with the progress of the enrolled debts dated March 24, 2024, which will be referenced as Applicant Exhibit (AE) A. FORM Item 10 appears to have been prepared by Applicant prior to the Government issuing the FORM and the documents are consistent with and support her Answer statements.

### **Findings of Fact**

Applicant is 55 years old. She earned her bachelor's degree in 1999. She has never married. She has three adult children ages 19, 33, and 38. She has worked for her sponsor as a client services representative since July 2023. She also works as a freelance graphic designer for another company. She lists unbroken employment as a freelance graphic designer going back to September 2012. She has never held a security clearance. She completed her SCA in October 2023. She admits 20 of the 22 SOR allegations, SOR ¶¶ 1.a-1.t, with explanations and denies SOR ¶¶ 1.u and 1.v on the basis they have been resolved. (Answer; Item 3.)

In her admissions to the debts alleged in SOR ¶¶ 1.a-1.t, Applicant states, "I admit and I am currently paying them off." (Answer.) For SOR ¶¶ 1.a, 1.b, 1.c, and 1.g she added additional comments to her Answer. For SOR ¶ 1.a she added "the amount of \$4,525" with the figure handwritten. For SOR ¶ 1.b she added "the current amount of \$4,212." For SOR ¶ 1.c, she added a handwritten annotation that "this doesn't exist and is being disputed." For SOR ¶ 1.g she added "the current amount of \$2,504." (Answer.)

On August 26, 2024, Applicant responded to Government financial interrogatories, which covered 33 debts. She reported acting on all debts, listing 4 as paid and for the other 29 debts that she marked as not paid she marked that she had made payment arrangements; was making payments; and had documentation showing payment status or proof of payments. She included with her interrogatory response what is also marked as AE A, her DRF enrolled debt. Only three debts reflected on a debt progress report that Applicant submitted with her answers to both the Government interrogatories and the SOR were not previously identified. These enrolled debts have values of \$234, \$650, and \$4,492 respectively. None of these values or any account numbers appear on any of the credit reports. (AE A/Item 4.)

Applicant explained that her financial issues began when her mother suddenly passed away from COVID in 2023, leaving her with funeral expenses to cover because her mother did not have any insurance. (Item 10.) The Government acknowledged in its

FORM that the credit reports in the record supported her assertion. She also told the DoD investigator that she was having difficulty because she had to take a lower salary. (Item 9 at 2.) Applicant stated:

I had to use cards that I had never used before to pay for flowers and other necessary thing for the funeral and wake. Until then my credit card bills were paid on time and if possible, paid off every month, at the very least paid above the minimum payment requirements. (Item 10.)

Item 8 is misidentified in the FORM as a February 2024 credit report. It is a February 2025 credit report and is highly relevant. The February 2025 credit report reflects almost all the debts with the exception SOR ¶ 1.g, which is a utility account and the two debts she denied on the basis they were paid off, SOR ¶¶ 1.u and 1.v. (Item 4, Item 7; Item 8.)

After researching debt consolidation companies, Applicant enrolled with DRF in May 2023. She began making monthly payments to DFR in May 2023 and DFR started making “offer payments” in August 2023. The DFR offer payments do not specify a creditor. (Item 10.) DRF advised her to stop making payments. Her statement in Item 10, that she was working to clear her “credit up” is supported by the debts she enrolled with DRF and by the DRF payment history from August 2023 through January 2025; her own payments; and by the November 2024 and February 2025 credit reports. (Item 7, Item 8, Item 9 at 2, Item 10; Answer/Item 4.)

Applicant states her credit is very important to her and she never intended to abuse it. She noted:

I am a single mother with a child in his 2nd semester of college. Believe me I am working hard using every check I receive to clear my credit up and I am doing a great job. I have been paying credit cards off on my own along with the help of [DRF] so that I can get my credit back in order sooner than the 5yrs they say it will take. I completely understand the importance of my credit. (Item 10.)

Applicant’s statement in her Answer and to the DoD investigator in April 2024 that she was making payments in addition to her DRF payments is supported by the November 2024 and February 2025 credit reports. (Item 7, Item 8, Item 9 at 2, Item 10; Answer/Item 4.) She has generally been making \$368 monthly payments to DRF with three months where she made a reduced payment, one month where she did not make a payment, and one month where she made a larger payment. The offer payments do not specify to whom an offer was made. The Government interrogatories list the debts consistent with the SOR through SOR ¶ 1.n. The SOR ¶ 1.o debt is not listed in the interrogatories.

Applicant enrolled SOR ¶ 1.a with DRF and the last payment to the creditor was in April 2023. She contracted with DFR in May 2023. The first DFR offer payment occurs in

August 2023. (Item 8, Item 9, Item 10; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.b with DRF and the last payment to the creditor was in February 2025. Item 10 shows an offer payment for January 2025. (Item 8 at 1, Item 10; Answer/Item 4.)

SOR ¶ 1.c is disputed by Applicant. The SOR lists the creditor who assumed the debt from the original creditor. The original creditor is listed as account being serviced by DRF. In her Answer she states the debt does not exist. However, in her interrogatory response she said the debt was not paid and that she was making payments. (Item 7 at 3, Item 8 at 2; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.d with DRF and the last payment to the creditor was in May 2023. Item 10 does not list an offer payment for May 2023. (Item 8, Item 10; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.e with DRF and the last payment to the creditor was in September 2023. Item 10 lists an offer payment for September 2023. (Item 8, Item 10; Answer/Item 4.)

SOR ¶ 1.f was disputed by Applicant according to her February 2025 credit report. It was also listed as in dispute on the November 2024 credit report. In response to Government interrogatories, she submitted a letter from the creditor reflecting a \$131 payment on July 31, 2024. The letter states the account was satisfied as of July 31, 2024. This debt is resolved. (Item 7 at 3, Item 8 at 3; Answer/Item 4 at 33.)

Applicant admitted SOR ¶ 1.g, a delinquent utility account. She states she has reduced the balance from \$3,041 to \$2,504. She included in her Government interrogatory response an August 2024 “door hanger” that indicated a serviceperson had been present and what the utility required to get a meter exchanged. A July 2024 credit report lists the account as having an “outstanding balance.” The debt does not appear on either the November 2024 or the January 2025 credit reports (Item 6 at 3, Item 7, Item 8; Answer/Item 4.)

Applicant opened the account alleged in SOR ¶ 1.h in January 2019. She has not enrolled this account with DRF. Her last payment was in January 2024. The debt was charged off. (Item 8; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.i with DRF and the last payment to the creditor was in November 2023. Item 10 lists an offer payment for November 2023. (Item 8, Item 10; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.j with DRF and the last payment to the creditor was in July 2023. Item 10 does not list an offer payment in July 2023. (Item 8, Item 10; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.k with DRF and the last payment to the creditor was in July 2023. Item 10 does not list an offer payment in July 2023. (Item 8, Item 10; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.l with DRF. According to Item 7, a November 2024 credit report, the last payment to the creditor was in June 2023. Item 8, a January 2025 credit report, indicates the debt has been transferred to a new creditor. Item 10 does not list an offer payment for June 2023. (Item 7 at 2, Item 8 at 3, Item 10; Answer/Item 4.)

Applicant opened the account alleged in SOR ¶ 1.m in December 2023. She has not enrolled this account with DRF. Her last payment to the creditor was in June 2024. The debt is in collection. (Item 8 at 3; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.n with DRF and the last payment to the creditor was in April 2024. Item 10 lists an offer payment for April 2024. (Item 8, Item 10; Answer/Item 4.)

Applicant opened the account alleged in SOR ¶ 1.o in April 2021. She has not enrolled this account with DRF. The debt was charged off. The past-due balance has increased from \$828 as alleged in the SOR to \$998. (Item 7 at 2, Item 8 at 2; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.p with DRF and the last payment to the creditor was in May 2023. Item 10 does not list an offer payment for May 2023. (Item 8, Item 10; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.q with DRF and the last payment to the creditor was in September 2024. Item 10 lists an offer payment for September 2024. (Item 6 at 5, Item 7 at 1, Item 8 at 1, Item 10; Answer/Item 4.)

Applicant enrolled SOR ¶ 1.r with DRF. The last payment to the creditor was in November 2023. Item 10 lists an offer payment for November 2023. (Item 8 at 3, Item 10; Answer/Item 4.)

Applicant opened the account alleged in SOR ¶ 1.s in April 2021. She has not enrolled this account with DRF. The debt has been charged off. The last payment to the creditor was in February 2024. Item 10 lists an offer payment for February 2024. (Item 7 at 2, Item 8 at 2; Answer/Item 4.)

Applicant opened the account alleged in SOR ¶ 1.t in December 2023. She has not enrolled this account with DRF. The debt was assigned to collection in March 2024 and there is no last payment date reflected on the two credit reports that this debt appears on. However, the debt does not appear on her January 2025 credit report. (Item 6 at 6, Item 7 at 3, Item 8 at 3; Answer/Item 4.)

Applicant denied SOR ¶ 1.u on the basis that she paid off the debt. Her last

payment was in July 2024. The February 2025 credit report does not list the debt. (Item 6 at 6 Item 7 at 3, Item 8; Answer/Item 4 at 10.)

Applicant denied SOR ¶ 1.v on the basis that she paid it off. According to her July 2024 and November 2024 credit reports she opened the account in March 2024. Her last payment was in June 2024. The February 2025 credit report does not list the debt. (Item 6 at 6 Item 7 at 3, Item 8; Answer/Item 4 at 11.)

With her Government integratory response she provided an August 2024 payment coupon for an account that her November 2023 and July 2024 credit reports reflect she had been disputing. The debt showed on both her November 2023 and July 2024 credit reports as having an “outstanding balance.” She told the investigator at her interview she was unaware of the debt and would resolve it. The debt does not appear on either the November 2024 or February 2025 credit reports. (Item 4 at 11, 31, Item 5 at 3, Item 6 at 12, Item 7, Item 8, Item 9 at 3.)

## 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.

The following disqualifying conditions are applicable in AG ¶ 19:

- (a) inability to satisfy debts; and
- (c) a history of not meeting financial obligations.

Applicant's debts are documented in her credit reports and security clearance interview. The above disqualifying conditions apply.

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. When her mother passed, the expenses associated with the funeral and being in a lower paying job pushed Applicant into the delinquencies. Prior to her mother's passing she was maintaining her payments on her debts. She took action to regain control of her financial situation by hiring DRF in May 2023. She has been making regular payments to DRF since that time. In addition, she has made her own individual payments to resolve the debts faster. 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 employed a debt-relief firm to assist her debts but 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 completing her SCA in October 2023, which reflects her good judgment and demonstrates her reliability. ISCR Case No. 16-01211 (App. Bd. May 30, 2018). In May 2023, she initiated and has adhered to a good-faith effort to repay overdue creditors or otherwise resolve debts through DRF. When she had additional income available, she made additional payments to creditors. 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's disputes are limited and are associated with debts where she has taken action to resolve the debt. However, she did not document her basis to dispute the legitimacy of the past-due debts.

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.v:

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