



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



Appearances

For Government: Andrew Henderson, Esq. Department Counsel
For Applicant: *Pro se*

11/20/2025

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On May 22, 2024, Applicant submitted a security clearance application (e-QIP). On February 20, 2025, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCSA CAS) issued Applicant a Statement of Reasons (SOR), detailing security concerns under Guideline F, Financial Considerations. The action was taken under Executive Order 10865 (EO), *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 for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AG), effective within the Department of Defense after June 8, 2017.

Applicant answered the SOR on June 4, 2025, and requested a hearing before an administrative judge. The case was assigned to me on July 14, 2025. The Defense Office of Hearings and Appeals issued a notice of hearing on July 15, 2025, and the

hearing was convened as scheduled on September 10, 2025. The Government offered five exhibits, referred to as Government Exhibits 1 and 5, which were admitted without objection. The Applicant offered seven exhibits, referred to as Applicant's Exhibits A through G, which was admitted without objection. Applicant testified on her own behalf. The record remained open following the hearing, until close of business on September 15, 2025, to allow the Applicant to submit additional supporting documentation. Applicant submitted three Post-Hearing Exhibits, referred to as Applicant's Post-Hearing Exhibits A through C, which were admitted into evidence without objection. DOHA received the transcript of the hearing (Tr.) on September 29, 2025.

Findings of Fact

Applicant is 53 years old. She is unmarried, and has three adult daughters. She has an Associate degree in Early Childhood Education. She holds the position of Badge Access Control Officer with a defense contractor. She is seeking to obtain a security clearance in connection with her employment.

Guideline F - Financial Considerations

The Government alleged that Applicant is ineligible for a clearance because she made financial decisions that indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which raise questions about her reliability, trustworthiness and ability to protect classified information.

The SOR identified seven delinquent accounts totaling approximately \$12,500. Applicant admitted each of the allegations set forth under this guideline. Credit reports of the Applicant dated June 1, 2024; December 3, 2024; and July 1, 2025; confirm the indebtedness listed in the SOR. (Government Exhibits 3, 4 and 5.)

Applicant is a single parent with three adult daughters. She pays all of the household and car expenses, and helps her daughters with their college expenses and other things they might need. She is originally from State A. In 2014, she and her daughters moved to State B, for more opportunities. Since moving to State B, she has experienced two job lay-offs through no fault of her own in 2014, and in 2022. The two job lay-offs negatively impacted her ability to pay her bills on time. When faced with these job losses, her priority was to ensure the basic needs of her children including housing, food, and transportation. She suspended her payments to her creditors in order to meet her family's necessities. (Applicant's Exhibit G.)

In April 2023, Applicant began working for her current employer. This is her first time applying for a security clearance. She has become aware of the fact that to hold a security clearance she must be financially responsible. When she was hired, she had credit card debt, and a delinquent car payment that she was concerned about. In an effort to clear up her delinquent debt as swiftly as possible, she requested to work

overtime. In 2024, she began working overtime, and since then she has been focused on resolving her delinquent debt. She has contacted each of her creditors and has either settled the debt, or is currently in negotiations to settle the debt. She stated that she plans to resolve each of her debts as soon as possible. Her plan is to first resolve the smaller debts and then address the larger ones.

The following delinquent debts are of security concern:

1.a. Applicant is indebted to a creditor for a delinquent account in the amount of \$4,630 that was charged off. This is a loan Applicant took out. She explained that in April 2021, she had very good credit and her credit score was close to 800. One of her creditors sent her an unexpected check in the mail for \$2,500. At this time, she was not allowed to work overtime, and she was struggling to pay her rent, utilities, food, and gasoline bill with just her regular income. She signed the check and used it to pay her bills. She made payments on the debt for about a year, and then in 2022, when she was laid off, she had to stop the payments because she could no longer afford to make them. The debt remains owing.

At this point, Applicant was simply robbing “Peter-to-pay-Paul,” and was not able to reduce her indebtedness. In fact in 2022, when her car had serious mechanic problems, she traded it in and financed an expensive vehicle without putting any money down, which caused more indebtedness. She now realizes that mistake. However, by May 2025, because she had been working overtime and had the money, Applicant contacted the creditor set forth in 1.a., to negotiate a settlement. At that time she also disputed the excessive interest charges. She is currently waiting to hear back from the creditor to pay off the debt, or to set up a payment plan that she plans to follow. She plans to resolve the debt as soon as possible. (Tr. p. 31, and Applicant’s Exhibit A.)

1.b. Applicant is indebted to a creditor for a delinquent account in the amount of \$3,086 that was charged off. This was a credit card she opened in March 2018. Applicant stated that three weeks ago she contacted the creditor to negotiate a pay off amount. She is waiting to hear back from the creditor. She plans to resolve the debt completely in about three weeks to a month. (Tr. pp. 39 and 72.)

1.c. Applicant was indebted to a creditor for a delinquent account in the amount of \$1,372 that was charged off. Applicant opened an Apple credit card in September 2021. She explained that she used her credit cards to pay her living expenses when her income from her job was not enough. The credit limit on the card was \$1,250. She “maxed out” the card. She contacted the creditor, who offered her a payment plan; but on April 18, 2025, she settled the debt in the amount of \$686. The debt is no longer owing. (Tr. 43-46, and Applicant’s Exhibit B.)

1.d. Applicant was indebted to a creditor for a delinquent account in the amount of \$261 that was placed for collection. This is car insurance for both Applicant’s car and her daughter’s car. The insurance became too expensive and Applicant found a better

rate at a different company and switched insurance companies. Applicant paid the amount owed on the account in the amount of \$130.79. (Applicant's Exhibit C and Tr. pp. 47-48.) The debt is no longer owing.

1.e. Applicant was indebted to a creditor for a delinquent account in the amount of \$264 that was placed for collection. This is car insurance related to the debt explained in 1.d. Applicant settled the debt in the amount of \$130.79. The debt is no longer owing. (Applicant's Exhibit D.)

1.f. Applicant was indebted to a creditor for a delinquent account in the amount of \$1,637 that was placed for collection. This was a credit card that Applicant used to pay bills when she was not earning enough to live on. On April 21, 2025, Applicant settled the debt with a one-time payment of \$915. The debt is no longer owing. (Applicant's Exhibit E.)

1.g. Applicant was indebted to a creditor for a delinquent account in the amount of \$1,304 that was placed for collection. This is a credit card that Applicant used to pay bills when she was not earning enough to live on. On May 22, 2025, Applicant settled the debt with a one-time payment of \$950. The debt is no longer owing. (Applicant's Exhibit F, and Applicant's Post-Hearing Exhibit C.)

Applicant's annual income is now about \$46,080 without overtime. With overtime she earns about \$67,000. She has \$2,000 in her savings account, \$700 in her checking account, and a 401k with about \$3,000. (Tr. pp. 69-70.)

A letter of recommendation from Applicant's immediate supervisor indicates that Applicant displays a professional attitude toward her work assignments, properly interacts with fellow officers and defense contractor employees, and overall excels at her position. He has no reservations, recommending her as a trusted employee. (Applicant's Post-Hearing Exhibit A.)

A letter of recommendation from an Account Manager who is employed for the defense contractor, where Applicant is assigned for duty, indicates that Applicant is detail oriented, professional, personable, and a responsive person that carries out her duties and responsibilities. He has a great deal of confidence in the Applicant and stated that the Applicant remains a vital part of the security operation. (Applicant's Post-Hearing Exhibit B.)

Policies

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines (AG). 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 AG ¶ 2 describing the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. 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.” 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, 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 clearance 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 as to 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. 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 guideline notes several conditions that could raise security concerns under AG ¶ 19. Two are potentially applicable in this case:

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

Applicant incurred delinquent debt that she could not afford to pay. Her actions or inactions both demonstrate a history of not addressing her debt and/or an inability to do so. The evidence is sufficient to raise the above disqualifying conditions.

The following mitigating conditions under the Financial Considerations guideline are potentially applicable under 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, or a death, divorce, or separation), and the individual acted responsibly under the circumstances;

(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.

Applicant has never held a security clearance before. She has recently realized the importance of living within her means, and paying her bills on time, as it is related to a security clearance, and she has been working overtime to resolve her debt. She understands that to be eligible for a security clearance she must demonstrate that she is and will always be financially responsible. Upon securing employment, she has been focused on resolving her outstanding debts. She has been working 12-hour shifts, five days a week to expedite the repayment process. She has successfully resolved five of the seven debts listed in the SOR. She has made good progress and has resolved all of her delinquent debts, except two. Her two largest debts remain outstanding, but she is currently in the negotiation process with the intent of resolving the debt soon. She will either settle those debts or set up payment plans that she will follow until the debts are paid in full. She has also paid off her credit cards and has brought her car payment current.

Applicant understands that she must continue to live within her means, even if she cannot work overtime. She knows that she must avoid creating delinquent debt in the future. Applicant has shown that she is financially responsible and security clearance eligible. Most importantly, she must continue to live within her means and pay her bills on time.

There is sufficient evidence in the record to show that Applicant has made a good-faith effort to resolve her debts. Overall, Applicant shows progress towards resolving her debts. There is sufficient evidence in the record to show that she has carried her burden of proof to establish mitigation of the government security concerns under Guideline F. Accordingly, Guideline F is found for the Applicant.

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. In the event that Applicant does not follow through with her commitment to continue to show that she is financially responsible, her security clearance will be in immediate jeopardy.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. I conclude Applicant has mitigated the Financial Considerations security concern.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F: FOR APPLICANT

Subparagraphs 1.a. through 1.g. For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is granted.

Darlene Lokey Anderson
Administrative Judge