



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



In the matter of: )  
 )  
 ) ISCR Case No. 24-00076  
 )  
Applicant for Security Clearance )

## **Appearances**

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

09/05/2025

## Decision

OLMOS, Bryan J., Administrative Judge:

Applicant failed to mitigate the security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

## **Statement of the Case**

On May 9, 2024, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. The DOD issued the SOR 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 Security Executive Agent Directive 4 (SEAD 4), *National Security Adjudicative Guidelines* (AG), effective June 8, 2017.

Applicant answered the SOR on June 17, 2024 (Answer) and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The hearing convened as scheduled on June 24, 2025.

Department Counsel offered into evidence Government Exhibits (GX) 1-4, which were admitted without objection. Applicant testified and the record was left open through July 8, 2025, for either party to submit additional information. Applicant timely submitted Applicant Exhibit (AX) A, which was admitted without objection. DOHA received the hearing transcript (Tr.) on July 1, 2025.

### **Findings of Fact**

In her Answer to the SOR, Applicant admitted all the SOR allegations. Her admissions are incorporated into my findings of fact. After a review of the pleadings and evidence submitted, I make the following additional findings of fact.

Applicant is 48 years old. She completed an associate degree in 1996. She married in 2000, divorced in 2009, and she has twin sons from this relationship who are now of adult age. She has been consistently employed since 2007 and with her sponsoring employer since May 2021. She is an aircraft mechanic and electrician and has not previously held a security clearance. (GX 1; Tr. 13-17)

The SOR alleged that Applicant had nine accounts, totaling about \$19,068 in delinquent debt. The largest debt involved the balance of \$12,684 remaining on a vehicle loan after a voluntary repossession (SOR ¶ 1.i). The remaining debts include a personal loan of \$1,932 (SOR ¶ 1.a), a delinquent credit card balance of \$445 (SOR ¶ 1.e), and \$4,007 in various medical debt placed for collection (SOR ¶¶ 1.b-1.d, 1.f-1.h). These debts are reflected in Applicant's January 2023 and November 2023 credit reports. (GX 1-4; Tr. 23-63)

Applicant began experiencing financial difficulties in 2009 with her divorce and the passing of her mother, who had provided her with a variety of assistance. Applicant did not receive financial support from her ex-husband and, as the expenses of caring for her children as a single parent increased, she described experiencing multiple delinquent accounts by 2011. Out of necessity, she purchased a used vehicle in 2015 and had a monthly payment of about \$400. Within two years, she purchased another vehicle that was less expensive. She allowed the first vehicle to be voluntarily repossessed (SOR 1.i). Although she was aware that she owed a balance on the vehicle, she claimed her financial circumstances did not allow for her to try to resolve the debt. (GX 1-4; Tr. 13-14, 23-30, 60-65)

In her January 2023 SCA, Applicant disclosed she had a delinquent personal loan (SOR ¶ 1.a). She also disclosed a delinquent medical account relating to an ambulance service that she was disputing because she believed it should have been covered by her employer (SOR ¶ 1.b). She did not disclose the vehicle repossession but stated her intention to seek help resolving all her delinquent accounts. (GX 1)

In her August 2023 response to interrogatories, Applicant acknowledged several delinquent debts, including the balance owed on the repossessed vehicle. She stated she had resolved one collection account with a \$500 balance, but her remaining

accounts were unresolved. She further stated she hired a “credit repair consultant to clean up” her credit but did not provide any detail as to what services they provided or supporting documents. She included a pay stub from her current employer reflecting an annual salary of \$52,208. She also provided a budget reflecting she had an estimated remainder of about \$1,000 each month after expenditures. This budget did not include any payments on her delinquent accounts. (GX 2)

At hearing, Applicant detailed that, in 2023, she initially paid the credit repair consultant \$500 and then \$50 per month for about six months to communicate with her creditors. She understood that letters were sent to creditors on her behalf but did not know whether any accounts were resolved through this process. She did not receive any financial counseling through this program or elsewhere. (Tr. 25-27, 47-48, 59-60)

Applicant described that the medical debt listed in SOR ¶ 1.b involved an ambulance service she received in 2021 after she experienced health difficulties at work. She was told that her employer would pay for the service, but they never did. Although she claimed that she followed up with her employer, the debt remains unresolved. (Tr. 30-34)

Beyond these efforts, Applicant has not resolved any of her delinquent accounts listed in the SOR. Instead, she described focusing her efforts on resolving accounts that had become delinquent more recently, including medical debts. However, she stated her intent to resolve the SOR debts in support of her security clearance application. (Tr. 47-54)

Applicant also described how her finances had improved over time. She now earns an annual salary of over \$60,000 and works a second job providing home health services where she earns about \$235 per week. She described being owed about \$50,000 in delinquent child support and recently began receiving monthly payments of \$350 from her ex-husband. (Tr. 20-22, 54-58)

Applicant believes she can maintain a budget but also admitted she has no funds for savings at the end of the month. She continues to provide about \$500 to \$1,000 per month to her two sons even though they no longer live with her. She recently helped one son resolve one of his delinquent loans. (Tr. 19-21)

After the hearing, Applicant submitted documents showing that she recently entered a payment agreement with the creditor for the debt listed in SOR ¶ 1.a. Additionally, she produced an account summary from a medical provider showing timely payments for services she received in 2024 and 2025. She also sent a payment of \$132 in June 2025 for another medical account, but it was unclear if this payment related to a debt reflected in the SOR. Additionally, she provided receipts showing that she paid off two additional debts not listed in the SOR. She continues to send timely payments on two loans she took from her employer with a combined current balance of \$1,671. (AX A)

## Policies

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

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 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, these guidelines are applied 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.” 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 not drawn 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 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.

## **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 financial security concern is broader than the possibility that an individual might knowingly compromise classified information 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)

I have considered the disqualifying conditions for financial considerations under AG ¶ 19 and the following are potentially applicable:

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

Applicant's admissions and the evidence reflect she experienced an extended history of delinquent debt and financial problems that are ongoing. The above disqualifying conditions are established.

Once disqualifying conditions are established, an applicant has the burden of presenting evidence to refute, explain, extenuate, or mitigate the security concerns arising from those debts. See ISCR 20-03146 at 3 (App. Bd. June 6, 2022).

I have considered the mitigating conditions under AG ¶ 20, and 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;

- (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.

Applicant began experiencing financial difficulties in 2009 with her divorce and the passing of her mother. Although she remained fully employed, she continued to struggle for several years caring for her children without financial support from their father. These unique and unforeseen circumstances were largely beyond her control. Her financial situation is now improving. Her pay has increased, and she is working a second job for added income. She has resolved at least two accounts not reflected in the SOR. Mitigation under AG ¶¶ 20(a) and 20(b) must be considered.

However, Applicant has maintained consistent employment for over a decade and has been aware that she had delinquent accounts since at least the repossession of her vehicle in about 2017. At hearing, she could not specify whether she had recently made payments on any of the delinquent debts listed in the SOR and admitted that she had not taken any recent action to resolve her largest debt, the balance remaining on her vehicle loan following repossession.

Applicant claimed she was unable to pay her past debts because of her financial constraints and admitted to prioritizing her current financial health over past accounts. She also continues to provide anywhere from \$500 to \$1,000 per month in support to her two sons. This support has created additional financial stress for Applicant and hindered her ability to resolve her delinquent accounts. Her delinquent debts are recent and ongoing. Mitigation under AG ¶¶ 20(a) and 20(b) is not fully applicable.

Additionally, for about six months in 2023, Applicant hired a consultant to "clean up" her credit but could not detail whether any accounts were resolved during this period. She never received any type of financial counseling through this service or elsewhere. AG ¶ 20(c) is not applicable. Although she entered into a payment agreement with the creditor for SOR ¶ 1.a after the hearing, this action alone does not

establish a good-faith effort to repay creditors or otherwise resolve debts. AG ¶ 20(d) is not applicable.

Applicant also testified that she should not be responsible for the debt underlying SOR ¶ 1.b, the ambulance ride in 2021, as her employer promised to pay it. However, she did not establish that she contested the debt with the creditor or that she is working to resolve the debt with her employer. AG ¶ 20(e) is not applicable.

There is insufficient evidence for a determination that Applicant's financial problems will be resolved within a reasonable period. I am unable to find that she acted responsibly under the circumstances or that she made a good-faith effort to pay her debts. Her financial issues continue to cast doubt on her current reliability, trustworthiness, and judgment. None of the mitigating conditions are fully applicable.

### **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 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 in my whole-person analysis.

Applicant financially struggled to provide for her children as a single parent for over a decade and her financial circumstances have improved over time. She believes she can maintain a monthly budget and provides ongoing support to her two adult-aged children. However, she has not yet established a sufficient track record of responsible action in addressing her past debts as reflected within the SOR.

Overall, the record evidence leaves me with questions and doubts as to Applicant's eligibility and suitability for a security clearance. I conclude that Applicant did not mitigate 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:** AGAINST APPLICANT

**Subparagraphs 1.a – 1.i:** **Against Applicant**

## Conclusion

In light of all of the circumstances, it is not clearly consistent with the national interest to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Bryan J. Olmos  
Administrative Judge