



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



Appearances

For Government: William H. Miller, Esq., Department Counsel
For Applicant: *Pro se*

07/10/2025

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 September 30, 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 October 8, 2024 (Answer), provided three credit reports as supporting documents, and requested a hearing before an administrative

judge from the Defense Office of Hearings and Appeals (DOHA). The hearing convened as scheduled on May 13, 2025. At that time, Applicant was informed that only partial copies of her supporting documents were contained in the hearing file. She was provided an opportunity to provide a complete copy of her supporting documents after the hearing and elected to submit updated exhibits instead, discussed below.

Department Counsel offered into evidence Government Exhibits (GX) 1-7, GX 3, a response to interrogatories, contained medical records that were not relevant to the SOR and the medical records were not admitted into evidence; however, they are attached to the record for possible consideration by appellate authorities. GX 1-7, including the relevant portions of GX 3, and Hearing Exhibits (HX) 1-3 were admitted without objection. Applicant testified. The record was left open through May 30, 2025, and Applicant timely submitted Applicant Exhibits (AX) A-H with additional explanations. DOHA received the hearing transcript (Tr.) on May 20, 2025.

Findings of Fact

In her Answer to the SOR, Applicant admitted SOR ¶¶ 1.a-1.d, 1.j, 1.o-1.r, 1.u-1.w, and 1.y. She denied SOR ¶¶ 1.e-1.i, 1.k-1.n, 1.s-1.t, 1.x, and 1.z-1.ff. 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 38 years old. She divorced twice and separated from her third husband in 2020. She currently resides with a significant other. She has three children, the youngest of which was born in 2022. She began attending college part-time in 2020 and took a break from classes in 2023. She resumed her studies in late 2024 and estimated she needed about another year of studies to earn a bachelor's degree. She has been with her current employer since about September 2020 and received her initial eligibility for a security clearance shortly afterward. She is currently a service dispatcher. (GX 1, 3; Tr. 22-28)

Applicant experienced an extended period of financial difficulties, primarily relating to marital and employment difficulties. In January 2015, her employment with a medical office was terminated after she dropped a piece of equipment during a surgical procedure. She remained unemployed until November 2017 and focused on raising her family. She was financially supported by her second husband until he became unemployed for an unspecified period leading up to their divorce in 2018. She lost her medical insurance following the divorce. (GX 1, 3; Tr. 35-37, 80-83)

From about 2015 into 2020, Applicant received mental health treatment for anxiety and depression. She recalled high stressors relating to her marriage and divorce, as well as her employment circumstances. In about 2019, she experienced a separate medical event that required multiple hospital visits and prevented her from working for several months. Without insurance, she estimated she accumulated about

\$13,000 in hospital bills and another \$4,000 in bills for her counseling. (GX 1-3; Tr. 33-38, 93-94)

Applicant worked part time with two separate companies before working full time with her current employer in September 2020. Although she was aware that she had delinquent debt, she did not disclose any debts in her October 2020 security clearance application (SCA). She disclosed details of her debts during her background interview with a DOD investigator that occurred later that month. At that time, she stated her intent to research her delinquent debts and contact creditors to resolve the accounts. (GX 1-3; Tr. 74-78)

However, Applicant testified that she did not act after the interview to resolve her accounts because she did not feel capable of paying them. In 2020, she began living with the eventual father of her youngest child at her current address. While he owned the house, she described being responsible for all the bills and financial obligations. She also experienced large expenses during this period that included replacing an air conditioner, as well as roof and car repairs. She admitted that she neglected several bills, particularly her medical bills, during this time. (GX 1-3; Tr. 80-102)

In 2022, Applicant gave birth to her third child, and she missed time from work. The father of her child remained unemployed during this period, and Applicant described experiencing further financial stressors. (GX 1-3; Tr. 76-87)

In about May 2023, Applicant hired a debt relief company to communicate with creditors and settle her delinquent accounts. She enrolled about \$8,657 of delinquent debt into a debt relief program (DRP). These included the debts associated with SOR allegations ¶¶ 1.e, 1.g-1.i, 1.k and 1.l. She disclosed to the company that she had an income of \$38,400 and agreed to make monthly payment of \$226 into the program, which was set to be 30 months long. Since then, she admitted that she missed payments at times but believed she had generally maintained the program. (GX 2; AX A; Tr. 44-48)

Also in May 2023, Applicant responded to DOD interrogatories and acknowledged several of the debts reflected in the SOR. She stated she was not yet financially stable enough to pay her delinquent debts and described that she had entered a DRP. She included a financial summary reflecting she was earning a salary of about \$50,000 annually and, after payment of her monthly expenditures, was able to maintain a monthly remainder of \$710. Outside of the debts contained in the DRP, Applicant did not detail any efforts she took to resolve her remaining delinquent accounts. (GX 2)

In about November 2024, the father of Applicant's third child moved out of the home. Applicant detailed that his departure improved her financial situation. Additionally, while he continues to own the home, Applicant stated they are arranging for her to take ownership. (Tr. 84-87)

The SOR alleged that Applicant had multiple delinquent accounts, totaling approximately \$35,700. The debts are established through Applicant's admissions and credit reports. The evidence concerning the specific SOR allegations is summarized below. (GX 2-7; AX E-G)

SOR ¶ 1.a (\$1,833) is an account with a cellphone service provider that was placed for collection in 2024. Applicant claimed that, at an unspecified time, she attempted to communicate with the provider directly to settle the debt. However, she was told to resolve the account with the collection agency. She did not contact the collection agency. She testified she will resolve this account after she resolves her other delinquent debts. (GX 7; Tr. 41-42)

SOR ¶ 1.b (\$590) is a consumer account that was placed for collection in 2024. Applicant enrolled the account into her DRP a week prior to the hearing and a May 2025 DRP summary shows that the account has been settled with payment pending. (GX 7; AX A; Tr. 42-43, 59-65)

SOR ¶ 1.c (\$178) is an insurance account that was placed for collection in about 2019. During her October 2020 interview, Applicant stated she would research and resolve this debt. However, she did not communicate with the collection agency and acknowledged, in her May 2023 interrogatory response, that the account had not been paid. At hearing, she confirmed she had not followed up with the collection agency or sent any payments toward this debt. (GX 3-7; Tr. 49-50, 67)

SOR ¶ 1.d (\$436) is a consumer account that was placed for collection in about 2022. At hearing, Applicant confirmed she had not communicated with the collection agency or sent any payments toward this debt. (GX 3, 7; Tr. 50-51, 67)

SOR ¶ 1.e (\$1,998) is a rental contract that became delinquent in 2019. Applicant acknowledged the debt during her October 2020 interview and stated she would communicate with the creditor. Beginning in December 2022, credit reports show that the balance was reduced to \$1,448, but Applicant did not make any related payments. Instead, she enrolled the account into her DRP in 2023. As of May 2025, the account remains open and pending resolution through the DRP. (GX 2-7; AX A; Tr. 59-67)

SOR ¶ 1.f (\$235) is an account that was placed for collection in 2020. During her October 2020 interview, Applicant stated she would research and resolve the debt. In her Answer, she stated that the debt was enrolled in her DRP. However, Applicant testified that the account was not enrolled in her DRP and remained unresolved. (Answer; GX 2-7; Tr. 43, 69)

SOR ¶ 1.g (\$1,318) is the balance remaining on a vehicle loan after the vehicle was totaled in 2017. During her October 2020 interview, Applicant stated she would contact the creditor but took no action until enrolling the account into her DRP in 2023. The account has since been resolved. (GX 2-6; AX A; Tr. 59-69)

SOR ¶ 1.h (\$1,033) is a medical debt that was placed for collection in about 2020. Applicant enrolled the account into her DRP in 2023 and a May 2025 DRP summary reflects that payments are being made to the account with a reduced balance remaining. (GX 2-6; AX A; Tr. 60-69)

SOR ¶¶ 1.i (\$671) and 1.l (\$671) reflect the same account before and after it was placed for collection. Applicant enrolled this account into her DRP in 2023 and it has since been settled and paid. (GX 4-5; AX A; Tr. 47-60)

SOR ¶ 1.j (\$239) is a consumer account that Applicant opened in 2018. She did not settle the account or enroll it into her DRP. As of October 2024, the account has been charged off. (GX 3-6; Tr. 61, 71)

SOR ¶ 1.k (\$4,187) is an account through Applicant's college that was placed for collection in about 2020. In 2023, Applicant enrolled the debt into her DRP. At an unspecified time, the account was settled. (GX 4-5; AX A; Tr. 51-54)

SOR ¶¶ 1.m (\$103), 1.n (\$103), 1.o (\$5,382), 1.p (\$4,526), 1.q (\$3,537), 1.r (\$2,508), 1.s (\$1,433), 1.t (\$1,129), 1.u (\$973), 1.w (\$696), 1.x (\$512), 1.z (\$128), 1.aa (\$80), 1.bb (\$46), 1.cc (\$43), 1.dd (\$40), 1.ee (\$40) and 1.ff (\$25) are medical accounts that have been placed in collection. Applicant was aware that she had medical accounts in collection prior to completing her October 2020 SCA. However, outside of the medical collection associated with SOR ¶ 1.h, she never enrolled any of her remaining delinquent medical debt into her DRP or otherwise attempted to resolve the accounts. In her post-hearing submissions, she now claims that the debts are past the statute of limitations and are no longer enforceable. She also provided a worksheet summarizing her efforts to contact various medical providers after the hearing to confirm that she no longer has any delinquent medical accounts. (GX 2-7; AX H; Tr. 32-44)

SOR ¶ 1.v (\$760) is an account relating to Applicant's college expenses. The account was first noted as delinquent in 2020. In October 2024, Applicant returned to college and began addressing this account. She is currently making a small payment toward the debt every pay period. (GX 3-4; AX C; Tr. 51-62)

SOR ¶ 1.y (\$309) is an account with an internet service provider that was placed for collection and initially appeared in Applicant's 2020 credit report. In her 2023 interrogatory response, Applicant stated she would call the provider to settle the account. She did not enroll the account into her DRP. She testified that she never contacted the provider or the collection agency and has not paid or otherwise settled this account. (GX 3-4; Tr. 58-59)

Applicant testified that she continues to participate in the DRP. Per the DRP's summary, it was estimated she would be debt free by October 2025, when the contract concludes. However, a review of Applicant's May 2025 credit reports shows new

accounts that are past due including accounts placed for collection in 2024. (AX A, E-G; Tr. 44-46)

During the hearing, Applicant acknowledged ongoing delinquent accounts. She testified that she owed about \$35,000 in delinquent student loans. While her May 2025 credit reports showed her student loans as delinquent, a recent report from the creditor reflects that the payments are now being deferred with a balance of \$32,363. (AX D-G; Tr. 97-102)

On reflection, Applicant testified that it was difficult to maintain her finances and raise her family as a single parent. She acknowledged that she was aware of her debts since the beginning of her investigation. At times, she felt intimidated to address the delinquencies and avoided them. However, she believes she is past her depressive symptoms and in better control of her finances. She acknowledged that her current employer offered courses on financial management and budgeting. However, she did not enroll in the courses as she felt she was able to manage her finances herself and could learn how to better budget through online research. (Tr. 77-107)

Applicant stated she earns an annual salary of about \$55,000 and is able to maintain a budget. She maintains a retirement account with about \$5,000 and has no other sources of income. She has split custody of her children with their respective fathers and does not receive or provide child support. She noted that her finances have improved over time, and she has “taken proactive measures to ensure continued financial stability.” (GX 2; Post-hearing Statement; Tr. 30-34, 85-88)

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).

The adjudicative guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable:

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

Since at least 2015, Applicant has experienced a history of delinquent debts and financial difficulties. While some accounts have resolved, she continues to experience delinquent debts, and her financial concerns are ongoing. Security concerns under AG ¶¶ 19(a) and 19(c) are applicable.

Once delinquent debt is 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). The fact that a debt no longer appears on a credit report does not establish any meaningful, independent evidence as to the disposition of the debt. See ISCR Case No. 14-03612 at 3 (App. Bd. Aug. 15, 2015).

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's financial difficulties began with her job loss in 2015, followed by an extended period of unemployment. Her financial difficulties continued as she divorced in 2018 and underwent several hospital visits in 2019 without medical insurance. Mitigation under AG ¶¶ 20(a) and 20(b) must be considered.

However, despite her awareness of her debts, Applicant took no timely action to resolve her delinquent accounts once she started her current employment in 2020. Instead, she described feeling intimidated by the debts and avoided them. She experienced further financial disruption with the birth of her child in 2022 and received no financial support from the child's father.

In 2023, Applicant finally took action by enrolling a subset of her delinquent debt (SOR ¶¶ 1.e, 1.g-1.i, 1.k and 1.l) into a DRP and began making monthly payments into the program. Just prior to the hearing, she also enrolled the debt listed in SOR ¶ 1.b. While some of these debts have been settled through the DRP, others remain outstanding. Still, she is credited with making a good-faith effort to repay these creditors through the DRP. Additionally, with her return to studies in October 2024, she began issuing payments toward the college debt associated with SOR ¶ 1.v. Mitigation under AG ¶ 20(d) is applicable to SOR ¶¶ 1.b, 1.e, 1.g-1.i, 1.k, 1.l and 1.v.

Yet, beyond the DRP and one college account, Applicant has not made any meaningful attempt to resolve her remaining delinquent debts, including much of her medical debt. Instead of settling those accounts, in her post-hearing statement, she now argues that those debts are unenforceable under the statute of limitations. There is no indication that she has a plan to resolve any of the remaining delinquent accounts. Applicant's reliance on the statute of limitations does not constitute a good-faith effort to resolve debts. See ISCR Case No. 14-01231 at 3 (App. Bd. Feb. 10, 2015). Debts that are barred by the statute of limitations or have been removed from a credit report may still be considered in what they reveal about an applicant's security worthiness. See ISCR Case No. 21-00748 (App. Bd. June 2, 2022). She has not established that she is contesting the legitimacy of any of the debts, only their enforceability within the statute of limitations. AG ¶ 20(e) is not applicable.

Since 2020, Applicant's finances have improved, and she claims she is better able to maintain a budget with a monthly remainder. However, those additional funds have not led to further resolved accounts. Instead, her recent credit reports reflect a history of several late payments as well as small accounts that remain past due or placed for collection. As her debts are ongoing, it cannot be said that the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it

is unlikely to recur. Mitigating factors under AG ¶¶ 20(a), 20(b) and 20(d) are not applicable to the remaining SOR allegations.

Additionally, Applicant declined to participate in financial management and budgeting courses offered by her employer, and she has not established that any of the information she received from the DRP constituted financial counseling. Mitigation under AG ¶ 20(c) is not applicable.

While Applicant has made progress on resolving a subset of her delinquent debts, this effort falls short of establishing a meaningful track record of debt reduction, particularly considering recent accounts that were past due or remain in collection. 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 fully resolve the security concerns.

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's circumstances have improved since she lost her job in 2015, divorced in 2018 and experienced a medical situation in 2019. She has been with her current employer since 2020 in a full-time position and is earning a steady income. She has made progress in resolving a subset of her delinquent debt. However, she has allowed several delinquent accounts to remain unresolved for years and continues to experience

financial accounts that are past due or placed for collection. She has not yet established a sufficient track record of responsible action to 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
Subparagraph 1.a:	Against Applicant
Subparagraph 1.b:	For Applicant
Subparagraph 1.c-1.d:	Against Applicant
Subparagraph 1.e:	For Applicant
Subparagraph 1.f:	Against Applicant
Subparagraph 1.g-1.i:	For Applicant
Subparagraph 1.j:	Against Applicant
Subparagraph 1.k-1.l:	For Applicant
Subparagraph 1.m-1.u:	Against Applicant
Subparagraph 1.v:	For Applicant
Subparagraph 1.w-1.ff:	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