DEPARTMENT OF DEFENSE
DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS
APPEAL BOARD
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Date: August 29, 2025

In the matter of:	)	
----------	)	ISCR Case No. 24-00979
Applicant for Security Clearance	)	

APPEAL BOARD DECISION

APPEARANCES

FOR GOVERNMENT
Andrea M. Corrales, Esq., Deputy Chief Department Counsel

FOR APPLICANT
Pro se

The Department of Defense (DoD) declined to grant Applicant a security clearance. On July 15, 2024, DoD issued a Statement of Reasons (SOR) advising Applicant of the basis of that decision – security concerns raised under Guideline F (Financial Considerations) of the National Security Adjudicative Guidelines (AG) in Appendix A of Security Executive Agent Directive 4 (effective June 8, 2017) and DoD Directive 5220.6 (Jan. 2, 1992, as amended) (Directive). On June 26, 2025, Defense Office of Hearings and Appeals Administrative Judge Braden M. Murphy denied Applicant national security eligibility. Applicant appealed pursuant to Directive ¶¶ E3.1.28 and E3.1.30.

Background

Applicant is in her early 50s. She is twice divorced and has two adult children. She has a master's degree in business administration.

The SOR contains ten allegations of delinquent consumer, auto, and student loan accounts. In her SOR Answer, Applicant denied all allegations. The Judge found for Applicant on four accounts totaling about $32,000. Of the four accounts found in Applicant's favor, three of the

allegations totaling $1,650 were found to be resolved. The Judge also found Applicant mitigated a $30,617 debt for which she was following payment arrangements. The Judge found against Applicant on six delinquent accounts totaling about $109,630. Four of the unresolved debts are delinquent student loans totaling about $94,700. The other two unresolved allegations are consumer and auto debts totaling about $14,900.

There is insufficient proof that Applicant reduced her student-loan debt and remaining debts through meaningful actions. The Judge did not err in his finding that Applicant failed to mitigate the security concerns arising from her financial indebtedness.

Scope of Review

On appeal, the Board does not review a case *de novo*. Rather, the Board addresses the material issues raised by the parties to determine whether there is factual or legal error. When a judge's ruling or conclusions are challenged, we must determine whether they are arbitrary, capricious, or contrary to law. Directive ¶ E3.1.32.3. A judge's decision can be arbitrary or capricious if: it does not examine relevant evidence; it fails to articulate a satisfactory explanation for its conclusions, including a rational connection between the facts found and the choice made; it does not consider relevant factors; it reflects a clear error of judgment; it fails to consider an important aspect of the case; it offers an explanation for the decision that runs contrary to the record evidence; or it is so implausible that it cannot be ascribed to a mere difference of opinion. *See* ISCR Case No. 95-0600, 1996 WL 480993 at *3 (App. Bd. May 16, 1996) (citing *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 43 (1983)). In deciding whether a judge's rulings or conclusions are contrary to law, the Board will consider whether they are contrary to provisions of Executive Order 10865, the Directive, or other applicable federal law. *See* ISCR Case No. 03-22861 at 2 (App. Bd. Jun. 2, 2006).

When an appeal issue raises a question of law, the Board's scope of review is plenary. *See* DISCR OSD Case No. 87-2107, 1992 WL 388439 at *3-4 (App. Bd. Sep. 29, 1992) (citations to federal cases omitted). If an appealing party demonstrates factual or legal error, then the Board must consider the following questions: (1) Is the error harmful or harmless? (2) Has the nonappealing party made a persuasive argument for how the judge's decision can be affirmed on alternate grounds? and (3) If the judge's decision cannot be affirmed, should the case be reversed or remanded? *See* ISCR Case No. 02-08032 at 2 (App. Bd. May 14, 2004).

Discussion

On appeal, Applicant argues that the Judge erred in his findings of fact. As discussed more fully below, none of Applicant's arguments are persuasive.

Inaccurate Claims

Applicant contends the Judge erred in 26 enumerated ways. We examined all disputed findings to determine if they are supported by substantial evidence, *i.e.*, "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all the contrary evidence in the same record." Directive ¶ E3.1.32.1.

The majority of Applicant's allegations of error are without basis. For example, Applicant argues that Judge made errors in the dates referenced in the procedural history. She asserts that her security clearance application (SCA) was submitted December 17, 2022; that she "received news of a SOR" through her employer in September 2023; that she answered the SOR in October 2023; and that the Judge incorrectly stated the date he was assigned as the Judge in this matter. However, the Judge's dates were supported by the record.

Applicant also challenges the Judge's factual findings. Most importantly, she claimed that the Judge had reported her payment history for her student loans incorrectly. However, the Judge's findings on that history came directly from Applicant's testimony and record evidence. Transcript (Tr.) at 64-70. To the extent that she argues that her bank statements and federal student loan account payment history show a history of student-loan payments since 2008, the Judge explicitly considered that evidence and found "there are regular 'Payments' but also 'Payment Reversals,' as well as Late Fees, detailed. There appears to be little progress made in payments on the principal owed in recent years." Decision at 5. Applicant further asserted that her student loans "are all 100% consolidated with online statements from May 2025 exhibits submitted." Appeal Brief at 3. Applicant's exhibits show that she applied to consolidate four federal student loans on January 13, 2017, and that she successfully consolidated those accounts, with principal totaling about $91,200, on February 17, 2017. Applicant Exhibit (AE) N at 22; PH 17; PH 18; Government Exhibit (GE) 7. The resulting consolidated account clearly supplants four of Applicant's student loan accounts, which reflected on her credit reports as having historically been paid as agreed and closed in February 2017. *See, e.g.*, GE 7 at 2. Importantly, however, the consolidated account *does not* clearly incorporate any of the four student loans that were alleged in the SOR, which continued to report as delinquent on Applicant's credit reports, even after the appearance of the consolidated account.[1] Given these inconsistencies, the Judge's finding that her student loan status was "unclear" is not in error. After the debts alleged in the SOR were substantiated in the Government's exhibits, Applicant had the burden to tie the debts documented in her exhibits and enrolled in the consolidation with those alleged as reflected on her credit reports. In this case, the documentation does not establish her claims when comparing the dates loans were opened, the original or current amounts of those loans, or the account numbers. While she documented fluctuating and inconsistent payments to some set of student loans over the years, the Judge found that her payments did not reduce her debt and "she still owes well over $100,000 in federal student loans more than 15 years after finishing school," yet she made expensive purchases like a boat and a timeshare that could have been applied to resolving her debt. Decision at 12. Therefore, she failed to establish the requisite good-faith effort to resolve her student loans and did not present a *meaningful* track record of repayment, nor did she act responsibly under the circumstances.

The Judge's decision on these issues was not arbitrary or capricious. He examined the relevant evidence, offered satisfactory explanations for his conclusions, and his analysis demonstrated a rational connection between the facts relied upon and this decision.

[1] *See, e.g.*, GE 5 at 2-3, 6. Based on the record evidence, including what Applicant describes as unapplied payments to her student loan servicer that are not reflected on her federal student loan payment history and concurrent reporting of Applicant's federal consolidated student loan *and* other delinquent student loans, the latter of which reflect as "charged off" (a status that federal student loans typically cannot achieve), one explanation is that Applicant has two sets of student loan debt – one federal and one private – and that the private remain delinquent.

Applicant's other assertions of error are similarly inaccurate characterizations of the Judge's findings. "When the Appeal Board examines individual words or sentences in a Judge's decision, we do not consider them in isolation. Rather, we consider them in light of the decision in its entirety." ISCR Case No. 20-02219 at 2-3 (App. Bd. Oct. 28, 2021). For instance, Applicant claims that the Judge found that she purchased her home in 2011, but that it was actually purchased in 2001. However, the Judge does not actually say the home was purchased in 2011, but that she moved from the state in which the home was located to another state in 2011. Decision at 7. Similarly, the Judge found:

> On her March 2023 SCA, Applicant also declared about $91,000 in past-due State 2 and federal income tax debt from prior years, noting that they were resolved in 2021 and 2022 by the sale of her home in State 1 noted above. The tax debt was due to under withholdings in earlier years and due to her first divorce. (GE 1 at 57-58; Tr. 122-129) Her tax filings and payments are otherwise current, though she owes $1,600 in past-due taxes for tax year 2023. (Tr. 136-139, 189-193)

Decision at 7. However, Applicant contends:

> There are no debts that are identical in balance from two separate, non affiliated Federal departments. There is not a debt of $91K to the Dept of Education and likewise there has never been a $91K debit to the IRS as stated in Judge Murphy's Opinion. This is a "blending of information" and then an assumption that I owe $182,000 combined to two separate Federal Depts when in fact I only owe $35K to the Dept. of Ed. Student Loans vs IRS Taxes are not Both $91K … which is statistically impossible.

Appeal Brief at 3.

Applicant's critique seems to be based upon a misreading of the Judge's findings. The Judge was highlighting her 2016 IRS debt of about $23,000, her 2017 IRS tax debt of about $28,000, and her 2019 IRS debt of $40,000, all disclosed on her SCA and resolved in 2021 or 2022. GE 1 at 57-58. Those numbers total $91,000. We find no error in the Judge's findings regarding her resolved taxes, which were based on her disclosure. Further, the Judge noted that the taxes were not alleged in the SOR and he did not discuss them in his analysis.

Applicant also asserts the Judge should have included more context about her divorces. While Applicant may have preferred that the challenged findings were drafted differently, such dissatisfaction does not demonstrate error. Judges have broad latitude and discretion in how they write their decisions. ISCR Case No. 20-02219 at 3 (App. Bd. Oct. 28, 2021).

Other Claims

The other errors alleged were harmless errors. For instance, Applicant contends she now works in security and is not in local law enforcement, that she sold her home and used the funds to pay her tax liens but that was not the purpose of the sale, and that she was not on long term medical leave for 30 days in 2024, but was on short-term disability and FMLA in July 2024. (Tr. 125, 196-197, 206) Even though the Judge erred in these findings, the errors were harmless because they did not likely affect the outcome of the case. ISCR Case No. 95-0495 at 4 (App. Bd. Mar. 22, 1996).

Applicant also contends that the Judge erred in finding that her income-driven repayment (IDR) plan was not approved. The record reflects that Applicant applied for the IDR plan in May 2024. PH 14. Soon thereafter, a federal court issued an injunction preventing implementation of the plan and the date to begin her IDR plan payments was extended to August 30, 2025. As of the close of the record on May 8, 2025, she had not made payments under the plan. PH 15. On May 7, 2025, prior to the close of the record, Applicant submitted a narrative statement by email and reported that the IDR plan called for payments of $233 monthly thru 2029 for a total of $35,184 to be paid under the repayment plan, but neither the attachments to that email nor any other record evidence support those repayment details.[2] PH 16. Furthermore, even if Applicant's consolidated student loan represents all of her past student loan accounts and even if that consolidated loan is not delinquent as a result of her participation in the IDR plan, the Judge could still consider whether she established a meaningful track record of repaying her student-loan debt. The phrase "meaningful track record" necessarily includes evidence of actual debt reduction through payment on debts. ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007). Although the Judge technically erred in finding that Applicant's IDR plan was not *approved*, his finding that Applicant's IDR plan had not *commenced* and was not scheduled to until August 2025 is supported by the record, and his conclusions drawn from the fact that Applicant had not established a meaningful track record of repayment were reasonable and sustainable.

To the extent that Applicant's appeal included new evidence, the Appeal Board is prohibited from considering new evidence on appeal. Directive ¶ E3.1.29.

Conclusion

Applicant has not established that the Judge committed harmful error. Our review of the record reflects that the Judge examined the relevant evidence and articulated a satisfactory explanation for the decision, which is sustainable on this record. "The general standard is that a clearance may be granted only when 'clearly consistent with the interests of the national security.'" *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). "Any doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security." AG ¶ 2(b).

[2] To the contrary, Applicant's earlier evidence suggests more sizeable repayment terms. As of October 2024, her IDR plan was scheduled to come out of forbearance and begin repayment of approximately $1,360 for 120 months, through 2035. *See* AE A at 7.

Order

The decision in ISCR Case No. 24-00979 is **AFFIRMED**.

Signed: Moira Modzelewski
Moira Modzelewski
Administrative Judge
Chair, Appeal Board

Signed: Allison Marie
Allison Marie
Administrative Judge
Member, Appeal Board

Signed: Jennifer I. Goldstein
Jennifer I. Goldstein
Administrative Judge
Member, Appeal Board