



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



In the matter of: )  
)  
) ISCR Case No. 20-03711  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Sakeena Farhath, Esq., Department Counsel  
For Applicant: Pro se

03/06/2023

**Decision**

Hyams, Ross D., Administrative Judge:

Applicant mitigated the financial considerations security concerns. Eligibility for access to classified information is granted.

**Statement of the Case**

Applicant submitted a security clearance application (SCA) on May 6, 2020. On February 5, 2021, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant responded to the SOR on May 12, 2021, and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals. The case was assigned to me on September 6, 2022.

The hearing was convened on October 19, 2022. Department Counsel submitted Government Exhibits (GE) 1-5, which were admitted in evidence without objection. Applicant submitted Applicant's Exhibits (AE) A-D, which were admitted in evidence without objection. After the hearing, I held the record open for three weeks to provide Applicant the opportunity to submit additional documentary evidence. Before the deadline, she requested an additional two weeks to obtain documentation, which was

granted. She timely submitted documents that I marked as AE E-J and admitted in evidence without objection.

### **Findings of Fact**

In her answer, Applicant admitted all the SOR allegations with explanation. Her admissions are incorporated into the findings of fact. After review of the pleadings, testimony, and evidence submitted, I make the following additional findings of fact.

Applicant is 34 years old. She was married in 2013 and has one minor child. She took college classes from 2007-2010. She resumed her studies in 2018, and earned a bachelor's degree in 2021. Recently, she has been taking classes to earn a master's degree. She served in the Navy from 2010-2018 and received an honorable discharge. She has worked as a program analyst for a defense contractor since 2018. (TR. 22-26; GE 1)

When Applicant left the Navy in May 2018, she was unemployed until October 2018. She reported that in 2018, her husband was also out of work for six months. Applicant claimed that she worked steadily from October 2018 until August 2019, when her son, who was about two years old at the time, began having serious health problems and required hospital care. She reported that she took a leave of absence from work until his health stabilized, and she returned to work full-time in January 2020. She stated that her employment continued until May 2020, when the contract she worked on ended. She reported that she worked part-time for about three months, before she found a new full-time project with her employer. (Tr. 27-35, 74-78; GE 1, 2; AE E)

Applicant stated that the unemployment events from 2018-2020 created financial hardship and caused some of her debts to become delinquent. Her son's medical treatments also created new debt for the family. Applicant asserted that once her and her husband's employment situation stabilized, she started to resolve her delinquent debt. (Tr. 27-35, 74-78; GE 1, 2; AE E)

The SOR alleges about \$35,000 of delinquent debt. The status of the allegations is as follows:

SOR ¶¶ 1.a, 1.c, 1.e, 1.g, and 1.h are student loans in collection totaling \$17,724. The original loan debt was for about \$44,000. Applicant claimed that she stopped taking college classes in 2010, shortly before she entered the Navy. Her student loan records show that she had made loan payments while in the military, but the payments stopped in 2018, and she entered default status. She claimed that because of the financial hardship that she faced during that time, she was unable to make payments. In March 2019, she reported that her paycheck was garnished to pay her student loans. She stated that in 2021, she was able to make some voluntary payments on her student loans to bring them out of collection. The record shows that these loans were consolidated in March 2022, are no longer in collection. The consolidated loans were entered into the government program for Covid-19 deferment status in June 2022. She estimated that

once the deferment period ends, her payments will be about \$150 monthly. (Tr. 27-35, 45-53, 74-78; AE D, E, I; GE 3)

SOR ¶¶ 1.b and 1.d are personal loans in collection for \$4,841 and \$4,219, respectively. Applicant claimed that these are the same debt. The credit report shows that the debts are from the same creditor, and ¶ 1.d appears to be a duplicate entry from a collection agency for a slightly lesser amount. She stated that she took out a personal loan in 2015 to help pay for the funeral expenses of a family member. She reported that she was making payments on the loan until 2018, when she was unable to afford the payments. She claimed that this debt is paid, and her 2022 credit report shows that all accounts with this creditor have no balance. This debt is resolved. (TR. 32, 53-59; GE 3, 5)

SOR ¶ 1.f is a credit card that was charged off for \$2,917. Applicant reported that she stopped making payments in 2018 due to financial hardship. She asserted that in 2021, she started making \$50 monthly payments on the account, and the record shows that the balance is down to \$475. (Tr. 32, 57-59; AE B; GE 3, 5)

SOR ¶¶ 1.i, 1.k, 1.t, 1.u, 1.v, and 1.w are medical debts that were placed for collection. Applicant reported that these medical debts originated during her son's hospital care in 2019. The 2021 credit report shows that these debts have been paid. (Tr.32-33, 59-64; GE 3, 4)

SOR ¶¶ 1.o, 1.r, and 1.s are medical debts placed for collection for \$390, \$164, and \$134, respectively. Applicant reported that these medical debts originated during her son's hospital care in 2019. She testified that she has made \$50 monthly payments towards ¶¶ 1.o and 1.r and has paid 1.s. In post-hearing documentation from the creditor, the account documentation shows that she has made 27 payments for medical debts to this creditor from January 2021 to December 2021. There is no indication in the documentation that she continues to owe a balance on these medical debts. These debts are resolved. (Tr. 32-33, 59-64; AE H; GE 3, 4)

SOR ¶ 1.j is a loan that was placed for collection for \$750. Applicant claimed that this was a loan to cover rent and that it has been paid. However, she did not provide sufficient documentation to substantiate this claim. (Tr. 33-34, 65-66; GE 3)

SOR ¶ 1.l is a credit card that was placed for collection for \$734. Applicant claimed that she paid the debt, and the record shows that it was settled in October 2020. This debt is now resolved. (Tr. 66-67; AE C; GE 3)

SOR ¶ 1.m is a debt in collection for \$713. Applicant stated this was a fee from a home rental lease. She claimed that she paid it in 2021, but did not provide sufficient documentation to substantiate this claim. (Tr. 33, 67; GE 3)

SOR ¶ 1.n is a credit card that was charged off for \$401. Applicant stated that this was her husband's credit card and that she was only an authorized user. She claimed

that the debt was paid in 2021, however, she did not provide sufficient documentation to substantiate her claims. (Tr. 67-68, 73; GE 3)

SOR ¶ 1.p was a debt in collection for a cable tv and internet provider for \$233. She claimed that it was paid in 2020, but did not provide sufficient documentation. (Tr. 33, 68; GE 3)

SOR ¶ 1.q is a debt to a cellular phone service provider. Applicant claims that this debt was for a phone that she co-signed for her sister, who needed assistance. She reported that her sister failed to meet her payment obligations, and she had to pay the debt. The record shows that this debt was paid in 2020. This debt is resolved. (Tr. 33-34, 68-70; AE B; GE 3)

Applicant's budget shows that her and her husband's finances are stable, and they can afford their monthly expenses. Their current monthly income exceeds their expenses by about \$1,000. (Tr. 37-45; AE J)

Applicant submitted two character references which state that she is a talented employee, a respected member of her community, and she is reliable and trustworthy.

### **Policies**

This case is adjudicated under Executive Order (EO) 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), which became effective on June 8, 2017.

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 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 the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), 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."

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 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.

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.

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

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

The SOR allegations are established by the credit reports and Applicant’s admissions. AG ¶¶ 19(a) and (c) apply.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. 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;

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts;

The record shows that Applicant's medical debts (SOR ¶¶ 1.i, 1.k, 1.o, and 1.r-1.w) and three collections (SOR ¶¶ 1.b, 1.l and 1.q) have been paid. SOR ¶ 1.d is a duplicate. These allegations are resolved for Applicant.

Applicant's student loans (SOR ¶¶ 1.a, 1.c, 1.e, 1.g, and 1.h) are current, and she has submitted evidence that she is paying off the balance on the credit card in SOR ¶ 1.f.

Applicant's financial hardships occurred between 2018-2020, and she has taken significant steps to resolve debts that became delinquent during this time period. AG ¶ 20(a) partially applies. However, since she did not submit sufficient documentation to show that some her debts are paid or being resolved (SOR ¶¶ 1.j, 1.m 1.n, and 1.p totaling \$2097) these debts are considered ongoing, so AG ¶ 20(a) does not fully apply.

AG ¶ 20(b) applies. Applicant's financial hardships were caused by temporary unemployment that she and her husband experienced between 2018-2020, and her son's medical treatment in 2019. These were circumstances beyond her control, and she acted responsibly under the circumstances by resolving most of her debts.

Applicant provided sufficient evidence that she has undertaken good-faith efforts to address her debts. Applicant is not required to show that she has paid or resolved all of her debts, or that she has done so in any particular way. She has shown that she has a reasonable plan to resolve her debts and has implemented it. AG ¶ 20(d) applies.

### **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 considered her military service and her character letters. I have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. I conclude that Applicant mitigated the financial considerations and personal conduct 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:	FOR APPLICANT
Subparagraphs 1.a-1.w:	For Applicant

### **Conclusion**

I conclude that it is clearly consistent with the interests of national security to grant Applicant's eligibility for access to classified information. Applicant's eligibility for a security clearance is granted.

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Ross D. Hyams  
Administrative Judge