



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



In the matter of: )  
)  
) ISCR Case No. 22-00979  
)  
Applicant for Security Clearance )

**Appearances**

For Government: David F. Hayes, Esq., Department Counsel  
For Applicant: *Pro se*

05/24/2023

**Decision**

KATAUSKAS, Philip J., Administrative Judge:

Applicant provided evidence sufficient to mitigate the national security concern arising from her federal student loan history. Applicant’s eligibility for access to classified information is granted.

**Statement of the Case**

Applicant submitted her security clearance application (SCA) on August 26, 2021. The Department of Defense Consolidated Adjudications Facility (DOD CAF) issued Applicant a Statement of Reasons (SOR) on June 3, 2022, detailing security concerns under Guideline F, financial considerations. The DOD CAF acted under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry 1960*, as amended; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and Security Executive Agent Directive 4, *National Security Adjudicative Guidelines*, effective within the DOD as of June 8, 2017.

Applicant submitted an answer (Answer) to the SOR on August 11, 2022 and elected a decision on the written record by an administrative judge of the Defense Office of Hearings and Appeals (DOHA). On August 30, 2022, Department Counsel submitted

the Government's file of relevant material (FORM), including documents identified as Items 1 through 6. DOHA sent the FORM to Applicant on September 6, 2022, who received it on September 9, 2022. She was afforded 30 days after receiving the FORM to file objections and submit material in refutation, extenuation, or mitigation. She did not respond to the FORM. The SOR and the Answer (Items 1S and 1A, respectively) are the pleadings in the case. Items 2 through 6 are admitted without objection. The case was assigned to me on December 1, 2022.

### **Findings of Fact**

After a thorough and careful review of the pleadings and exhibits submitted, I make the following findings of fact:

Applicant is 33 years old, married (March 2017), and has no children. She earned an associate's degree in May 2013 and a bachelor's degree in May 2015. Since March 2021, she has worked for a defense contractor. (Item 2.)

The SOR alleges ten delinquent federal student loans totaling \$35,230 and two delinquent consumer debts totaling \$2,820. (Item 1S.) Applicant admitted the student loan allegations, stating: "I was making payments to my loans and then Covid-19 put everything on hold and I wasn't allowed to make payments. I will resume making payments when allowed." She denied the two consumer debts, saying that they had been paid in full. She produced no documents. (Item 1A.) In her October 5, 2021 Personal Subject Interview (PSI), she explained further about her student loans:

She took about \$25,000 to \$30,000 per year in loans for a total of \$50,000. She started making payments monthly payments of \$130 in 2015. She had no problems making those payments until Covid-19 froze all payments in the spring of 2020. No payments were expected. She has not been notified when payments will be starting again. She has heard nothing from creditors, a collection agency, or a government agency. That was why she did not list these loans on her [SCA]. She believed they were in good standing. She said the current balance is about \$35,000. (Item 3.)

Applicant completed a Personal Financial Statement (PFS) on March 22, 2022. She and her spouse earn \$5,000 per month. Their monthly expenses and debt service total \$3,000. Thus, their net monthly remainder is \$1,994. (Item 4.)

Each of Applicant's federal student loans are noted as follows on the credit reports: PLACED FOR COLLECTION, STUDENT LOAN ASSIGNED TO GOVERNMENT, CLOSED. Otherwise, her credit reports show no defaults, save for the two SOR non-student loan accounts she claims have been paid in full. (Items 5 and 6.)

The following is the latest on the status of the federal student loan program:

The student loan payment pause began in March 2020. The student loan payment pause is extended until the U.S. Department of Education [DOE] is permitted to implement the debt relief program or the litigation is resolved. Payments will restart 60 days later. If the debt relief program has not been implemented and the litigation has not been resolved by June 30, 2023 – payments will resume 60 days after that. We [DOE] will notify borrowers before payments restart.

**[COVID-19 Emergency Relief and Federal Student Aid https://studentaid.gov/covid-19/public-service-loan-forgiveness.](https://studentaid.gov/covid-19/public-service-loan-forgiveness)**

### **Law and Policies**

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

When evaluating an applicant’s suitability for a security clearance, an administrative judge must consider the adjudicative guidelines. These guidelines are flexible rules of law that apply together with common sense and the general factors of the whole-person concept. An administrative judge must consider all available and 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, then the applicant is responsible for presenting “witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel. . . .” The applicant has the ultimate burden of persuasion in seeking a favorable security decision.

### **Guideline F, Financial Considerations**

The security concern relating to Guideline F 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.

This concern is broader than the possibility that an individual might knowingly compromise classified information in order 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. ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Guideline F notes conditions that could raise security concerns under AG ¶ 19. I have considered the following three conditions, because they are the ones most commonly implicated in financial cases:

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts regardless of the ability to do so; and
- (c) a history of not meeting financial obligations.

Applicant spent five years faithfully paying \$130 per month to defray her student loans. That track record was interrupted only by Covid-19 and the federal government's payment pause. She has stated her willingness to resume payments when notified. Her PFS shows she is quite capable of resuming those payments. The payment pause remains in effect, until further notice by the Government. None of the three potentially disqualifying conditions quoted above apply. Nor do any other conditions in AG ¶ 19 apply. Therefore, it is not necessary to consider the mitigating conditions set forth in AG ¶ 20.

The amounts alleged in SOR ¶¶ 1i. and 1.l do not raise national security concerns. I find for Applicant on SOR ¶¶ 1.a through 1.l.

### **The Whole-Person Concept**

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. AG ¶¶ 2(a) and (d)(1)-(9) (explaining the "whole-person" concept and factors). In my analysis above, I considered the potentially disqualifying and mitigating conditions and the whole-person concept in light of all the facts and circumstances surrounding this case.

Applicant leaves me with no questions about her eligibility and suitability for a security clearance. For these reasons, I conclude that Applicant did not mitigate the security concerns arising under Guideline F, financial considerations.

## **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.l.:	For Applicant

## **Conclusion**

In light of all of the circumstances presented, it is clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Eligibility for access to classified information is granted.

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Philip J. Katauskas  
Administrative Judge