



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



In the matter of:)	
)	
)	ISCR Case No. 23-01741
)	
Applicant for Security Clearance)	

Appearances

For Government:
John Renehan, Esq., Department Counsel

For Applicant:
Pro se

12/06/2024

Decision

MURPHY, Braden M., Administrative Judge:

Applicant submitted security clearance applications (SCA) in June 2017 and in November 2021. On August 25, 2023, the Department of Defense (DOD) issued a Statement of Reasons to Applicant detailing security concerns under Guideline F (financial considerations). The DOD issued the SOR 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 National Security Adjudicative Guidelines (AG), which became effective within the DOD on June 8, 2017.

Applicant received the SOR on September 6, 2023, answered the SOR on September 22, 2023, and requested a hearing. She also submitted numerous documents regarding her progress addressing the various delinquent debts alleged in the SOR. The case was assigned to me on July 29, 2024. The hearing was held as scheduled on October 21, 2024, by video teleconference. The Government submitted exhibits, which I marked and admitted as Government's Exhibits (GE 1-10. Applicant

testified and submitted Applicant's Exhibits (AE) A-N, which were admitted without objection. Government Exhibit 11 was offered but then withdrawn. (Tr. 23-29) The record was held open until November 18, 2024, for submission of additional information. Applicant timely submitted documents that I have marked and admitted as Post-Hearing exhibits (PH Ex.) 1-16 without objection. DOHA received the hearing transcript (Tr.) on November 7, 2024. The record closed on November 18, 2024.

On December 2, 2024, I proposed to the parties that this case was appropriate for a summary disposition in Applicant's favor. Department Counsel did not object.

Findings of Fact

Applicant is 45 years old. She and her husband have been married for 17 years. They have no children. She has a bachelor's degree and a master's degree. She has worked in the defense industry for many years, has worked for her employer, a large defense contractor, since 2007, and has held a clearance since about 2017. She seeks an upgrade of her current clearance eligibility. Applicant has an annual salary of about \$215,000 and her husband earns more than \$150,000 annually as an engineer and cleared employee of another defense contractor. (GE 1, GE 2; Tr. 41-43, 63, 87-89, 120-122)

The SOR concerns nine delinquent consumer debts (§§ 1.a – 1.i), totaling about \$36,000. The debts are established by the credit reports in the record. (GE 3 – GE 9) Applicant listed several delinquent debts on her 2021 SCA. (GE 1; Tr. 104-107) She explained in her SOR response, subsequent documents, and in her testimony, that the debts originated from a variety of circumstances, including unexpected expenses after purchasing a home in 2015, caring for family members, and the COVID-19 pandemic.

Applicant and her husband purchased their home, in State 1, in 2015. (AE F, AE G) She acknowledged that they did not prepare for related home expenses, such as appliances. They used credit to finance these purchases. In March 2020, Applicant moved to State 2 for her job and rented an apartment there. (AE D) This move occurred right before the COVID-19 pandemic led to a nationwide shutdown and quarantine. Applicant was soon working remotely and decided to return home to State 1. However, her one-year apartment lease in State 2 continued, as she was unable to terminate it, so she and her husband had to manage the expenses of two households. Her parents also became sick around this time, leading to other expenses related to their care. Applicant and her husband prioritized their mortgage and caring for her parents over credit card expenses, and they fell behind, beginning in about 2020. Applicant continued working remotely from her home in State 1 until June 2021, when she took a better job in neighboring State 3. She commuted there during the week, returning home on weekends. Then, in November 2022, she was promoted to her current executive position, with a significant salary increase, and she returned to State 1 permanently. This stabilized her finances. (Tr. 43-55, 78-86, 95-99)

Applicant considered credit counseling but decided to address her debts by taking out a loan instead. She took out a \$30,000 loan in September 2023. (AE C; Tr.

90-92) She used the proceeds to settle or pay most of the \$36,000 in debts alleged in the SOR, rather than wait to use her \$40,000 bonus in February 2024. She later used her bonus to address the remaining debts owed. Applicant documented these payments with exhibits provided with her SOR response. (SOR Response; AE A, AE H; Tr. 70-77) She later supplemented her documentation with letters from various creditors confirming no balance is owed on any of her SOR debts. (PH Ex. 6-16) She also documented that she has been paying down the \$30,000 loan at about \$1,200 a month, more than the required monthly amount. (AE B) At the time of the hearing, she had only about \$5,000 left to pay. (Tr 44-46, 56-60, 99, 124; GE 10)

Applicant had other debts, which were resolved through garnishments from her pay in 2019 to 2021. (Tr. 93-95, 99-101) Applicant provided ample documentation to show that most if not all of her SOR debts were resolved more than a year ago, around the time the SOR was issued. (SOR Response; AE A, AE H, AE I; Tr. 65-77)

Department Counsel argues that the timing of the payments is a factor to be weighed against Applicant's eligibility, since they came after the SOR was issued. The SOR was issued on August 25, 2023, she signed the receipt for it on September 6, 2023 (HE III) and answered the SOR on September 22, 2023. She also documented that she entered into the loan on or about September 1, 2023, and began researching resolving her debts through a loan before then. (Tr. 102-104, 130-132) Thus, it is established that she took steps to address her debts before receiving the SOR. Even if not, she used the loan funds to pay off her debts and has also significantly paid down her loan. Credit reports show no other delinquencies and she and her husband have ample resources to address future debts. (AE J – AE M; Tr. 44-46, 116-118, 137-138; PH Ex. 1-5, including a personal financial statement and other documentation of income)

Applicant has made several foreign trips in recent years. She explained that she and her husband travel extensively for work and accrue lots of hotel and mileage points that they use on foreign travel for vacations, often to all-inclusive resorts. Their points limit their personal travel expenses. (GE 2; Tr. 107-115) Her travel does not suggest undue spending.

Analysis

The Guideline F disqualifying conditions under AG ¶¶ 19(a) and 19(c) are raised by the evidence of about \$36,000 in delinquent debts, specifically Applicant's admissions and the supporting credit reports in the record. However, Applicant also established that her debts occurred due to a variety of circumstances, some of them, like the COVID-19 pandemic, were beyond her control. She also earns ample income, and she acted responsibly and in good faith to address her debts by taking out a \$30,000 loan. She used the loan and her savings to address her debts, almost all of which were paid off shortly after the SOR was issued. Applicant's actions serve to bolster, rather than to undercut, her case in mitigation, since she took out the loan before receiving the SOR. Even if this were not the case, her aggressive actions in addressing her debts outweigh any concerns about the timing of her actions. Applicant

has also paid down most of the loan. This is a classic case of mitigation in which an applicant need not pay off the SOR debts in a particular way, or all at once. All that need be shown is responsible action, supported by documentation of a track record of payments towards the debts, to alleviate any security concerns. Applicant has shown this, and also has ample family assets in the unlikely event such a situation happens again in the future. AG ¶ 20(b) partially applies, since Applicant's debts are attributable, in part, to circumstances beyond her control. The mitigating conditions under AG ¶¶ 20(a), 20(c) and 20(d) are fully applicable.

The security concerns over Applicant's debts and financial situation are resolved. The debts have all been paid. They no longer create doubts about her current reliability, trustworthiness, good judgment, and ability to protect classified information. In reaching this conclusion, I weighed the evidence as a whole and considered that the favorable evidence outweighed the unfavorable evidence. I also gave due consideration to the whole-person concept, including Applicant's long career in the defense industry, including with a clearance. I also found her testimony very credible. Accordingly, I conclude that Applicant met her ultimate burden of persuasion to show that it is clearly consistent with the national interest to grant her eligibility for access to classified information. This case is decided for Applicant.

Braden M. Murphy
Administrative Judge