



DEPARTMENT OF DEFENSE  
DEFENSE OFFICE OF HEARINGS AND APPEALS



In the matter of: )  
)  
) ISCR Case No. 23-01235  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Aubrey M. DeAngelis, Esq., Department Counsel  
For Applicant: *Pro se*

02/16/2024

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**Decision**

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MASON, Paul J., Administrative Judge:

Applicant is responsible for submitting credible documented evidence to buttress her case in rehabilitation under the guideline for financial considerations. It is recognized that she made payments to four listed creditors in August and September 2023. However, without a track record of payments to the listed creditors and other evidence describing her financial habits, she has not surmounted the disqualifying information presented under the guideline for financial considerations. Eligibility for security clearance access is denied.

**Statement of the Case**

On December 20, 2022, Applicant submitted an Electronic Questionnaire for Investigations Processing (e-QIP) to retain a security clearance required for a position with a defense contractor. On February 3, 2023, she provided a personal subject interview (PSI) with an investigator from the Office of Personnel Management (OPM). The Defense Counterintelligence and Security Agency (DCSA) Consolidated Adjudications Services (CAS) could not make the affirmative findings required to continue a security clearance, and issued to Applicant a Statement of Reasons (SOR),

dated June 26, 2023, detailing security concerns raised by financial considerations (Guideline F). The action was taken under Executive Order (E.O.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective in the DOD on June 8, 2017.

Applicant provided her answer on September 25, 2023. She elected to have her case decided on a written record without a hearing. On October 12, 2023, the Defense Office of Hearings and Appeals (DOHA) mailed a file of relevant material (FORM) to her. The FORM contains documentation referred to as items of evidence. The seven items include Applicant's answer to the SOR, her security clearance application and PSI, and two credit bureau reports (CBRs). She received the FORM on October 18, 2023. She was advised to respond to the FORM within 30 days. Her response was due by November 17, 2023. No response was received by DOHA. I was assigned the case on February 2, 2024.

### **Rulings on Evidence**

At the top of page 3 of the FORM, in bold letters reading '**IV Important Notice to Applicant**', the Government advised Applicant that she could make corrections to the February 2, 2023 PSI (Item 5) to improve the exhibit's clarity and accuracy. Alternatively, she was advised that she could object to the entire PSI on the ground that it was unauthenticated by a government witness, and it would not be entered into evidence. Applicant did not object, and the exhibit is admitted into evidence. See E3.1.20. of DOD Directive 5200.6, page 52. Various locations of Items 4 through 7 may be cited utilizing the typewritten page number appearing at the bottom of the page of the item (exhibit).

### **Findings of Fact**

There are 17 delinquent accounts alleged in the June 2023 SOR. There are two additional allegations that Applicant did not file Federal and state tax returns for 2021. The total amount of debt is about \$10,234. The debts became delinquent between March 2013 and September 2022. Applicant admitted that she owed the listed debts and did not file the tax returns because she had no money to pay the taxes. The Government credit bureau reports (CBRs) confirm her admissions. (Items 6, 7; Answer to SOR)

Applicant is 31 years old and single. She has been living with her boyfriend since 2017. She earned some college credits between August 2011 and May 2013, and November 2019 and May 2020. She did not receive a degree. (Item 4 at 9-21)

Applicant has been working as a human resources and program assistant for a Federal contractor since January 2023. According to her security clearance application,

she was unemployed from November 2022 to January 2023. From January to October 2022, she was a customer service representative for a mortgage firm. From 2018 to February 2022, she was an engagement specialist. In the preceding four years, she worked as a marketer, a patient consultant, a sales person, and a patient coordinator. She is applying for her first security clearance. She disclosed her delinquent debts and student loans in her security clearance application. (Item 4 at 10-35; Item 5; Item 5 at 1)

Applicant's financial difficulties arose when she was about 21 years old. As she stated, she was young and dumb and continued getting credit cards. She had significant expenses in college (August 2011 to May 2013; January 2019 to May 2020) and was excessively abusing credit cards until she was unable to pay on any of the card-card accounts. She planned on having all the delinquent accounts and taxes paid off in the next two to three years. She wanted to pay off the smaller accounts first. (Item 5 at 6-7)

Applicant failed to list all of the past-due accounts in her security clearance application because she did not know about them or did not see them in her credit report. She did not think they were in collection.

SOR ¶ 1.a – Applicant opened this credit-card account to purchase a computer in 2011. She could no longer afford payments in 2012 and stopped payments. (Item 5 at 3)

SOR ¶ 1.b – Applicant opened this credit-card account to purchase school supplies and pay medical bills. She stopped payments in 2012. (Item 5 at 3)

SOR ¶ 1.c – Applicant opened this credit-card account in 2012. She has made no payments since 2013. Item 5 at 3)

SOR ¶ 1.d – Applicant stated that this was probably her account, but she could not recall any specific information about the account. (Item 5 at 3)

SOR ¶ 1.e – Applicant opened this credit-card account to pay bills in 2018. She stopped payments on the card in 2019 because she could not afford the payments. (Item 5 at 3)

SOR ¶ 1.f – Applicant opened this credit-card account in 2018 to pay bills. In 2019, she discontinued payments because she did not have the funds. (Item 5 at 3)

SOR ¶ 1.g – Applicant opened this credit-card account in 2012 to buy clothes while in college. In 2013, she stopped making payments. (Item 5 at 3)

SOR ¶ 1.h – Applicant opened this credit-card account in 2012 and stopped making payments in 2013. (Item 5 at 3)

SOR ¶ 1.i – This was a credit-card account that Applicant opened in 2012. She ceased payments on the card in 2013.(Item 5 at 4)

SOR ¶ 1.j – Applicant took her dog to an animal hospital in 2012. She did not realize she had an outstanding balance. (Item 5 at 4)

SOR ¶ 1k – Applicant opened an account with a phone company and left the company in 2015 without realizing that she owed an outstanding balance. In August 2023, Applicant paid \$10 to the creditor. (Item 5 at 4; Item 7 at 4)

SOR ¶ 1.l – Applicant opened this credit-card account to pay bills in 2018, and stopped payments in 2019. She paid \$156 in September 2023. (Item 5 at 4; Item 7 at 3)

SOR ¶ 1.m – Applicant believes that this credit-card account is for women’s fashion. (Item 5 at 4; Item 7 at 3)

SOR ¶ 1.n – This is a medical account for X-rays that Applicant received in 2017. She claims that she paid the account by phone on February 2, 2023. (Item 5 at 4) She provided no documentation, i.e., a cancelled check, a bank ledger, a receipt from the law firm, to show that she paid the bill.

SOR ¶ 1.o – This is a phone account that Applicant opened in 2015. She was unaware of an outstanding balance. (Item 5 at 4)

SOR ¶ 1.p – Applicant recognized this as a medical account. (Item 5 at 5)

SOR ¶ 1.q – Applicant opened this credit-card account in 2011. As with the other credit-card accounts, she stopped payments in 2013 when she could no longer afford monthly payments. She made a \$25 payment to the creditor in in August 1983. (Item 5 at 5; Item 7 at 8)

SOR ¶ 1.r – Applicant did not file a federal tax return for tax year 2021. She did not file because she believed she was going to owe taxes. (Item 5 at 2)

SOR ¶ 1.s – Applicant did not file state tax return for 2021 for the same reason she did not file a Federal tax return for 2021. (Item 4 at 32)

Applicant took out more than \$36,000 in student loans between 2011 and 2019. Though the delinquent loans are not listed in the SOR and may not be an independent basis for denying her security clearance application, her conduct will be assessed to determine whether she has established extenuation, mitigation, or changed circumstances. ISCR Case No. 03-20327 at 4 (App. Bd. Oct. 26, 2006) Her father ultimately paid the balance in July 2023. See Item 7 at 9-12. Applicant provided no evidence of financial counseling or evidence of a budget. She claimed that she enrolled in a debt consolidation service and was paying her debts slowly. Once she pays the debts, she will contact a tax lawyer to choose the best course of action regarding her

2021 tax issues. (Item 3) She provided no information on whether she has a budget or manages her finances.

## **Policies**

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. These guidelines are flexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied together with common sense and the general factors of 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(d) 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 applicant or proven by Department Counsel. . . ." The applicant has the ultimate burden of persuasion in seeking a favorable security decision. Because Applicant requested an administrative determination on the record, I had no opportunity to evaluate her demeanor.

## **Analysis**

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

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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

AG ¶ 19. Conditions that could raise a security concern and may be disqualifying include:

- (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.

When a security clearance aspirant seeks a security clearance from the DOD, she must show that she has the necessary judgment to comply with all security rules and regulations in all locations. An excellent gauge of her judgment is how she handles her private affairs, specifically how she manages her financial obligations. If she demonstrates irresponsibility by not paying her debts on time or not at all, there is a good chance she will exhibit the same disqualifying behavior towards security rules that she chooses not to follow. Adverse evidence from credit reports can usually meet the Government's obligation of proving delinquent debts. *See, e.g.,* ISCR Case No. 14-02403 at 3 (App. Bd. Aug. 18, 2015); ISCR Case No. 03-20327 at 4 (App. Bd. Oct. 26, 2006) The Government credit reports establish that the debts listed in the SOR have been delinquent since between 2013 and 2022. The evidence shows that Applicant opened up additional credit-card accounts after earlier accounts had become delinquent. AG ¶¶ 19(a) and 19(c) apply.

AG ¶ 20. Conditions that could mitigate security concerns include:

(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; and

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

The June 2023 SOR shows that Applicant owed \$10,234 to 17 creditors. Her father paid more than \$36,000 in unalleged student loans in July 2023, which is why the accounts are no longer delinquent. In August and September 2023, Applicant paid \$339 to four of the listed SOR-creditors, but she still owes the creditors \$9,895. As a general rule, the time when an applicant repays her debts is critical to the evaluation of whether an applicant has the judgment and trustworthiness required for eligibility for a security clearance or to occupy a sensitive position. The timing of Applicant's debt repayments of the student loans (July 2023) and making payments on four of the SOR-debts

(August and September 2023) did not occur until after she received the SOR. She had been placed on notice in December 2022 and February 2023, that her delinquent debts were a concern to the Government. Though several of the listed debts are dated, she still owes all the debts. The likelihood that the debts will remain delinquent in the future continue to cast doubt on Applicant's reliability, trustworthiness and good judgment. See, e.g., ISCR Case No. 17-01256 at 5 (App. Bd. Aug.3, 2018) AG ¶ 20(a) does not apply.

Applicant receives some mitigation under AG ¶ 20(b) based on her unemployment between November 2022 and January 2023. Her employment record before November 2022, however, indicates that she was continuously employed since March 2014. Her record since January 2023 reflects that she has been working consistently. Yet, she has provided negligible results of resolving any of the delinquent debts. There is only limited evidence by Applicant of acting responsibly under the circumstances.

AG ¶ 20(c) applies when there is evidence of financial counseling and debts are being resolved or under control. Applicant mentioned her enrollment in a debt consolidation service. However, except for the four payments to four of the listed creditors, Applicant has provided no documentation about the service and their intentions for processing the other delinquent debts. Thirteen debts are not being resolved or under control. AG ¶¶ 20(c) is not applicable. AG ¶ 20(d) does not apply because Applicant is not engaged in a good-faith effort to repay her creditors. Applicant receives no mitigating credit for her father's pay off of more than \$36,000 in student loan debt because she contributed nothing to the transaction. She probably hoped the payoff could be interpreted as an elimination of a very large debt that substantially reduced Applicant's overall financial dilemma.

The lack of financial counseling or evidence of a written budget negates applicability of the first and second prongs of AG ¶ 20(c). Applicant's delinquent debts are not being resolved or under control.

### **Whole-Person Concept**

I have examined the evidence under the specific guidelines in the context of the nine general factors of the whole-person concept 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 access to classified information must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept.

Applicant, who is a 31-year-old single female living with her boyfriend, has not furnished sufficient evidence to establish that her delinquent debts are being resolved or under control. In Guideline F cases, the DOHA Appeal Board has repeatedly held that, to establish her case in mitigation, an applicant must present a “meaningful track record” of debt repayments that result in debt reduction. *See, e.g.*, ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007) While an applicant is not required to show that every debt listed in the SOR is paid, the applicant must show that she has a plan for debt resolution and has taken significant action to implement the plan. *See, e.g.*, ISCR Case No. 02-25499 at 2 (App. Bd. Jun. 5, 2006) From the record presented, Applicant’s plan has yielded miniscule results. Interpreting the evidence from a common-sense point of view, Applicant’s ongoing financial problems and outstanding tax issues for 2021 have not been mitigated.

### **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
Subparagraphs 1.a – 1.s:	Against Applicant

### **Conclusion**

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with the national interest to grant Applicant eligibility for access to classified information. Eligibility for access to classified information is denied.

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Paul J. Mason  
Administrative Judge