



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



In the matter of: )  
)  
) ISCR Case No. 24-00198  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Cynthia Ruckno, Esq., Department Counsel  
For Applicant: *Pro se*

05/13/2025

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**Decision**

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LOUGHRAN, Edward W., Administrative Judge:

Applicant did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

**Statement of the Case**

On March 7, 2024, 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 March 15, 2024, and requested a hearing before an administrative judge. The case was assigned to me on November 21, 2024.

The hearing was convened as scheduled on February 4, 2025. Government Exhibits (GE) 1 through 4 were admitted in evidence without objection. Applicant testified and submitted Applicant Exhibits (AE) A through O, which were admitted without objection. The record was held open for Applicant to submit additional documentary evidence. She submitted documents that I have marked AE P through S and admitted in evidence without objection.

## Findings of Fact

Applicant is a 58-year-old employee of a defense contractor. She has worked for her current employer since about January 2023. She served in the U.S. military reserves from 1987 until she was honorably discharged in 1994. She earned a bachelor's degree in 1989, and a master's degree in 1997. She married for the third time in 2020 after her first two marriages ended in divorce. She has an adult daughter. (Tr. at 10, 31-33; GE 1, 2; AE A)

Applicant's first husband lost his job in about 1999. Applicant was hired as an assistant manager at a bank in about 2000. She met a woman who, with Applicant's assistance, committed bank fraud, by applying for loans with false Social Security numbers. Applicant's participation was discovered in about 2000 or 2001. She was charged with several federal crimes. She cooperated with the FBI against the woman, which resulted in a reduced sentence. She pleaded guilty in 2001 and was sentenced to imprisonment for five months; home detention for five months; supervised release for five years; and about \$152,000 in restitution. (Tr. at 41-44; GE 2)

The SOR did not allege Applicant's criminal conduct. Any matter that was not alleged in the SOR will not be used for disqualification purposes. It may be used in assessing Applicant's credibility, for the affect it has had on her current finances, in the application of mitigating conditions, and in the whole-person analysis.

Applicant discussed the crimes during her background interview in January 2023. She stated that she did not realize, at least initially, that the woman was making up identities. She stated that she received between \$500 and \$1,000 in "kickbacks" from each loan, which ranged from \$10,000 to \$30,000. She estimated that she received about \$152,000 in kickbacks. (GE 2)

Applicant provided a different description of what happened during her hearing:

I had lost my job, too. And so I met a lady that was in the insurance field selling, like, auto insurance and -- and those types of insurances. And so when I met her, I was in a -- a situation where I needed money, and she said, "Well, hey, if you refer people to me to get -- to get insurance, then I'll give you a --" pretty much, it boiled down to a kickback. And so -- and I'm thinking, "Okay." And so when she did that, I accepted -- I referred her -- referred people that I knew from the bank over to her. And I didn't know that she was just getting loans in their names, using them. And -- and so I got caught up in that -- that situation. (Tr. at 42)

Applicant's testimony about the nature of the bank fraud and her participation in the bank fraud was not credible.

Applicant accepted some responsibility for her conduct, but she also blamed her ex-husband for not making enough money and leaving her open to temptation. She paid about \$30,000 in restitution up front; she made smaller payments throughout the years;

and she withdrew about \$85,000 from her pension to pay the remainder in about 2018. (Tr. at 41-44; GE 2)

Applicant lived in State A and worked as an accountant supervisor for a city in one of its departments from about 2004 to 2018. She left her job and followed her daughter and grandchild to State B in 2018. She was hired as a budget manager in a city in State B, but she stated that she “was let go after six months due to lack of training and support.” She went through periods of unemployment and underemployment. (Tr. at 19-23, 39-40; GE 1, 2; AE A, L, O)

Applicant took in her daughter and grandchild after her daughter’s partner moved back to State A. Her mother moved from State A to Applicant’s home in State B. Applicant accepted financial responsibility for her family members, including her mother who was not receiving Social Security benefits because her overpayments were being recouped. Her mother passed away from COVID-19 in January 2022. (Tr. at 20-22; AE A, F)

Applicant’s husband is a retired servicemember. He is also a pastor of a church that was reopened after being closed for an extended period. He and Applicant are attempting to build the congregation. His income from the church was limited while the church was growing. (Tr. at 24, 34, 46; AE A)

Applicant submitted a Questionnaire for National Security Positions (SF 86) in December 2022. She did not report any financial issues. (GE 1)

Applicant was interviewed for her background investigation in January 2023. She volunteered that she had accounts that were in collections. She stated that she did not report the debts on her SF 86 because she did not find out that they were in collections until after she submitted the questionnaire. She discussed the accounts from a January 2023 credit report. She indicated that she was working with a credit repair company to address some of the debts; she denied owing other debts; and she stated her intentions to address the remaining debts. (GE 2; AE A, E)

The SOR alleges 12 delinquent debts in amounts ranging from \$157 to \$9,734 and totaling about \$36,000. The debts are listed on a January 2023 credit report, an October 2023 credit report, or both credit reports. (Applicant’s response to SOR; GE 3, 4; AE A, B) The following is the status of the SOR debts.

SOR ¶ 1.a alleges a \$9,734 delinquent debt. The debt was higher. It was for a water softening system for a home. She had it installed and then stopped making payments. Applicant entered into a payment agreement with the creditor in May 2023, when the balance was \$10,115. The creditor reinstated the account, and it began accruing interest again at the rate of 7%. She agreed to pay at least \$125 per month. She paid \$168 in May 2023, followed by monthly \$127 or \$125 payments through January 2025. She paid a total of \$2,575 and reduced the balance to \$8,661. (Tr. at 50-52; Applicant’s response to SOR; GE 3, 4; AE A, K)

The creditor for the \$5,104 credit card debt alleged in SOR ¶ 1.b obtained a \$6,076 judgment against Applicant. In May 2023, she settled the judgment for \$4,860, through monthly payments of \$162. She paid more than that. By January 2025, she had paid \$4,266, leaving a balance of \$594. (Tr. at 52-53; Applicant's response to SOR; GE 3, 4; AE A, C)

Applicant admitted owing the \$3,415 debt alleged in SOR ¶ 1.c. She noted that the account was "charged off." This was an unpaid loan from a driving school for her to become a truck driver. She received a certificate of completion from the school in July 2019. She wrote, "I did not pass the driving requirements for truck driving and they stuck me with the training costs and I did not find a job to repay, which led to collection status." She also indicated that the school lied to her about where she would be driving. She also stated that she had an accident, and she was not making enough money driving the truck, so she stopped. She has not made any payments. (Tr. at 23, 53-55; Applicant's response to SOR; GE 2-4; AE A, G)

In her SOR response, Applicant denied owing the \$3,607 delinquent debt alleged in SOR ¶ 1.d. She asserted that her "credit information was stolen and [she] had to hire an attorney to have it removed." She later stated that she entered into a payment agreement through a law firm, with the final payment in April 2023. She provided a settlement agreement dated January 4, 2023, in which the creditor agreed to settle the debt for \$902, payable through two monthly \$301 payments and a final \$300 payment on April 2, 2023. She provided proof of a \$300 payment received by the creditor on January 25, 2023. She submitted a letter from her attorney dated April 16, 2023, which stated:

Congratulations, your lawsuit has been dismissed!

Currently, your legal matter is resolved, and there is no settlement amount for you to pay.

We believe [SOR ¶ 1.d creditor] dismissed this case because our aggressive tactics put them in a vulnerable position. Please know that the suit was dismissed without prejudice. This means that another lawsuit could be filed against you on this account until the four-year statute of limitations has expired. (AE D, S)

There is nothing in her attorney's letter showing a payment agreement or that she made any payments toward the debt. The debt is listed on the January 2023 credit report, but not any of the later credit reports. There is insufficient evidence for a finding that this debt has been resolved. (Tr at 55-57; Applicant's response to SOR; GE 2-4; AE A, D, H-J, N, P, R, S)

Applicant admitted owing the \$3,410 debt alleged in SOR ¶ 1.e. She noted that the account was "charged off." The debt was reported by TransUnion on the January 2023 combined credit report. It is also listed on the January 2025 TransUnion credit

report. She has not made any payments. (Tr. at 58; Applicant's response to SOR; GE 2-4; AE A)

In her SOR response, Applicant admitted owing the \$2,138 delinquent debt alleged in SOR ¶ 1.f. She later denied owing the debt. She stated that her credit repair company disputed the debt on her behalf because it was not her debt. She admitted owing the debt during her background interview, stating that it was from a payday loan. The debt was reported by Equifax on the January 2023 combined credit report. It is listed on the January 2025 Equifax credit report as a closed account with a \$0 balance and the annotation, "pays account as agreed." (Tr. at 59-61; Applicant's response to SOR; GE 2, 3; AE A, I)

Applicant initially denied owing the \$753 debt alleged in SOR ¶ 1.g because she stated that the account was paid, and she presented a page from a credit report. However, that credit report entry is for a different account. At her hearing, she admitted that she had the SOR account, and she did not remember making any payments. She stated that her credit repair company disputed the debt on her behalf, and it was removed from her credit report. The debt was listed on the January 2023 credit report, but not on any of the later credit reports. There is insufficient evidence for a finding that this debt has been resolved. (Tr. at 61-63; Applicant's response to SOR; GE 2-4; AE A, I, J, N)

Applicant denied owing the debts alleged in SOR ¶¶ 1.h (\$363), 1.i (\$351), and 1.j (\$268) She stated that her credit repair company disputed the debts on her behalf, and they were removed from her credit report. The debts were listed on the January 2023 credit report, but not on any of the later credit reports. (Tr. at 63-66; Applicant's response to SOR; GE 2-4; AE A, I, J, N)

Applicant stated that she paid the \$157 debt alleged in SOR ¶ 1.k. The debt was listed on the January 2023 credit report, but later credit reports list the debt as a closed account with a \$0 balance, and the annotation, "paid after charge off/collection." (Applicant's response to SOR; GE 2-4; AE A, I, N)

Applicant denied owing the \$6,696 charged-off auto loan alleged in SOR ¶ 1.l. She stated that she "voluntarily returned the vehicle and they sold it for more than [she] owed." She stated that she disputed the debt, and it was removed from her credit report. The debt was listed on the January 2023 credit report, but not on any of the later credit reports. (Tr. at 67-68; Applicant's response to SOR; GE 2-4; AE A, I, J, N)

Applicant's husband has cancer. He is on medication and had to have surgery. She wanted "to enhance [their] level of living by traveling and experiencing some life events such as [their] first cruise, etc." In about June 2024, she purchased a timeshare in a hotel and resort chain giving them access to multiple resort locations. She stated that she paid the resort about \$5,000 or \$6,000. Recent credit reports show a balance due of about \$17,200. Applicant never used the timeshare. She regretted the decision and retained a law firm to help her get out of the contract. The fee for the law firm is

about \$4,000, in \$151 monthly payments. They stopped paying the timeshare. (Tr. at 24-30, 47-49, 68; AE A, B, M, P, Q)

Applicant stated that she is in a better financial situation. She has taken several personal finance classes. She anticipates her attorney will be able to end her timeshare obligations “and recoup what [she] put into it.” Because she is no longer paying the timeshare, she is better able to pay her debts. (Tr. at 29-32, 72-73, 79-82; AE A)

## **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 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.

Applicant has a history of delinquent debts and financial problems. AG ¶¶ 19(a) and 19(c) are applicable.

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;

(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;

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

(e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue.

Applicant went through periods of unemployment and underemployment. She took in her daughter, grandchild, and mother. Her mother passed away from COVID-19 in January 2022. Those events were beyond Applicant's control. However, it is difficult to attribute all her financial difficulties to those events when she had to pay about \$152,000 in restitution for her financial crimes, including about \$85,000 in about 2018. It is difficult to imagine that Applicant would have been in the same dire straits if she had access to that money. Additionally, for AG ¶ 20(b) to be applicable, Applicant must establish that she acted responsibly under the circumstances.

Applicant started taking some action on her debts in about May 2023, which was before the SOR was issued, but after she was interviewed about her finances for her background investigation in January 2023. An applicant who begins to resolve security concerns only after having been placed on notice that his or her clearance is in jeopardy may lack the judgment and willingness to follow rules and regulations when his or her personal interests are not threatened. See, e.g., ISCR Case No. 20-02971 at 4 (App. Bd. Jun. 15, 2023).

Applicant paid most of the \$5,104 credit card debt alleged in SOR ¶ 1.b. The \$2,138 delinquent debt alleged in SOR ¶ 1.f is listed on the January 2025 Equifax credit report as a closed account with a \$0 balance and the annotation, "pays account as agreed." She paid the \$157 debt alleged in SOR ¶ 1.k. Those three debts are mitigated.

Applicant denied owing the debts alleged in SOR ¶¶ 1.h (\$363), 1.i (\$351), 1.j (\$268), and 1.l (\$6,696). She stated that her credit repair company disputed the debts, and they were removed from her credit report. The debts were listed on the January 2023 credit report, but not on any of the later credit reports. Those debts are also mitigated.

Applicant asserted that she settled the \$3,607 delinquent debt alleged in SOR ¶ 1.d for \$902, payable through two monthly \$301 payments and a final \$300 payment on April 2, 2023. She provided proof of a \$300 payment received by the creditor on



January 25, 2023, but she did not send any proof that she made the remaining payments. The Appeal Board has held that “it is reasonable for a Judge to expect applicants to present documentation about the satisfaction of specific debts.” See ISCR Case No. 09-07091 at 2 (App. Bd. Aug. 11, 2010) (quoting ISCR Case No. 04-10671 at 3 (App. Bd. May 1, 2006)). Applicant submitted a letter from her attorney dated April 16, 2023, stating the lawsuit against her had been dismissed. There is nothing in the letter showing a payment agreement or that she made any payments toward the debt. Applicant has not established that this debt is resolved.

The remaining debts are still owed in whole or in part. What cannot be ignored is Applicant’s decision to purchase a timeshare in June 2024, which was after she received and responded to the SOR. Her husband has cancer, and it is understandable that she wanted to make the quality of his life better, but this was not the way to do it, as she quickly learned. She spent \$5,000 to \$6,000 and got nothing in return, and she is now paying for an attorney to get her out of that bad decision.

Applicant’s financial problems are recent and ongoing. I am unable to conclude that they will be resolved within a reasonable period. She did not act responsibly under the circumstances, and she did not make a good-faith effort to pay all her debts. They continue to cast doubt on her current reliability, trustworthiness, and good judgment. The above mitigating conditions, individually or collectively, are insufficient to eliminate concerns about her finances.

### **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 have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant’s eligibility and suitability for a security clearance. I conclude Applicant did not mitigate the financial considerations 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: | Against Applicant |
| Subparagraph 1.a:         | Against Applicant |
| Subparagraph 1.b:         | For Applicant     |
| Subparagraphs 1.c-1.e:    | Against Applicant |
| Subparagraph 1.f:         | For Applicant     |
| Subparagraph 1.g:         | Against Applicant |
| Subparagraphs 1.h-1.i:    | For Applicant     |

## Conclusion

It is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

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Edward W. Loughran  
Administrative Judge