



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 24-01529

**Appearances**

For Government: Daniel O'Reilley, Esq., Department Counsel  
For Applicant: *Pro se*

06/16/2025

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**Decision**

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LOUGHRAN, Edward W., Administrative Judge:

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

**Statement of the Case**

On September 17, 2024, the Department of Defense (DoD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). She responded to the SOR on October 2, 2024, and requested a hearing before an administrative judge. The case was assigned to another administrative judge on April 10, 2025, and reassigned to me on May 20, 2025.

The hearing was convened as scheduled on May 21, 2025. The Government withdrew SOR ¶ 1.d because it was a duplicate of SOR ¶ 1.a. Government Exhibits (GE) 1 through 4 were admitted in evidence without objection. Applicant testified and submitted Applicant Exhibits (AE) A through D, which were admitted without objection.

## Findings of Fact

Applicant is a 31-year-old independent truck driver sponsored for a security clearance by a defense contractor. This is her first application for a security clearance. She attended community college for a period without earning a degree. She has never married. She has one child. (Tr. at 21-23, 46; GE 1, 2)

Applicant attributes her financial problems to COVID-19, periods of unemployment and underemployment, and raising her child without the benefit of child support. She also admitted that she was less financially responsible when she was younger. (Tr. at 20-27, 33; GE 1, 2)

Applicant submitted documentation that she paid or settled three debts in 2023 and 2024. The debts were not alleged in the SOR because they were resolved before the SOR was issued. (Tr. at 41; AE A-C)

The SOR alleges three delinquent debts totaling about \$16,151. The debts are listed on October 2023 and July 2024 credit reports. (Applicant's response to SOR; GE 2-4)

Applicant settled the \$543 charged-off debt alleged in SOR ¶ 1.c for about \$271, with the payment made in May 2025. She stated that this was a credit card account that she used for everyday purchases. (Tr. at 38-40; AE D)

SOR ¶ 1.a alleges a \$10,287 delinquent auto loan. Applicant used the vehicle to drive for Uber. She had an accident. There were continuing mechanical problems, and she was unable to drive the vehicle for about a month. She could not afford to maintain the payments, and the vehicle was repossessed. (Tr. at 20, 28-29; Applicant's response to SOR; GE 2-4)

SOR ¶ 1.b alleges a \$5,321 charged-off debt. Applicant stated that she financed a vehicle for her mother, but her mother was supposed to make the payments. The loan in SOR ¶ 1.b is a separate loan from the auto loan. Applicant took out the SOR ¶ 1.b loan so that she could catch up on the payments for the auto loan. She contacted the creditor to make payment arrangements, and she is waiting for their response. (Tr. at 20, 34-38; Applicant's response to SOR; GE 2-4)

Applicant has not made any payments toward the SOR ¶¶ 1.a and 1.b debts. She indicated that her finances are better, but she has not made enough yet to resolve those two debts. If she obtains a security clearance, she should have additional income. She is more responsible with her finances, and she has not accrued any new delinquent debts in several years. She credibly testified that she intends to continue her efforts to resolve her debts and become financially secure. (Tr. at 20-21, 27-34, 37-38, 40-47)

## 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; and

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

Applicant went through periods of unemployment and underemployment, and she is raising her child without the benefit of child support. She also admitted that she was less financially responsible when she was younger. She started addressing her finances in 2023, before the SOR was issued. She paid or settled three debts in 2023 and 2024. The debts were not alleged in the SOR because they were resolved before the SOR was issued. She settled the \$543 charged-off debt alleged in SOR ¶ 1.c for about \$271, with the payment made in May 2025. She contacted the creditor for the \$5,321 charged-off debt alleged in SOR ¶ 1.b to make payment arrangements, and she is waiting for their response.

Applicant's finances have improved, and she has not accrued any new delinquent debts in several years. If she obtains a security clearance, she should have additional income. She credibly testified that she intends to continue her efforts to resolve her debts and become financially secure.

Applicant does not present a perfect case in mitigation, but perfection is not required. A security clearance adjudication is not a debt-collection procedure. It is a procedure designed to evaluate an applicant's judgment, reliability, and trustworthiness. See ISCR Case No. 09-02160 (App. Bd. Jun. 21, 2010). An applicant is not required, as a matter of law, to establish resolution of every debt alleged in the SOR. An applicant need only establish a plan to resolve the financial problems and take significant actions to implement the plan. There is no requirement that an applicant make payments on all delinquent debts simultaneously, nor is there a requirement that the debts alleged in the SOR be paid first. See ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008).

I find that Applicant has a plan to resolve her financial problems, and she took significant action to implement that plan. She acted responsibly under the circumstances and made a good-faith effort to pay her debts. It may take time, but I am convinced she will eventually resolve her financial problems. See ISCR Case No. 08-06567 at 3 (App. Bd. Oct 29, 2009) and ISCR Case No. 09-08462 at 4 (App. Bd. May. 31, 2011): "Depending on the facts of a given case, the fact that an applicant's debts will not be paid off for a long time, in and of itself, may be of limited security concern." The above mitigating conditions are sufficiently applicable to mitigate financial considerations security concerns.

### **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 without questions or doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant mitigated 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:	For Applicant
Subparagraphs 1.a-1.c:	For Applicant
Subparagraph 1.d:	Withdrawn

### **Conclusion**

It is clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is granted.

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Edward W. Loughran  
Administrative Judge