



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 23-02832

Appearances

For Government: Nicole A. Smith, Esq., Department Counsel
For Applicant: *Pro se*

09/02/2025

Decision

Dorsey, Benjamin R., 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 19, 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 April 9, 2024, and requested a decision based on the written record in lieu of a hearing.

The Government submitted its written case on April 1, 2025. A complete copy of the file of relevant material (FORM) was provided to Applicant, who was advised that she had 30 days from her date of receipt to file objections and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on April 17, 2025, and she timely submitted a response (FORM Response). The case was assigned to me on August 5, 2025. The Government exhibits included in the FORM, marked as Items 1 through 6, and the FORM Response are admitted in evidence without objection.

Findings of Fact

Applicant is a 40-year-old who is applying for security clearance eligibility. In its FORM narrative, the Government asserts that Item 3 (Applicant's June 2023 security clearance application) discloses that Applicant has been employed by a government contractor since July 2023, but that information is not contained in that document or in the record evidence. Applicant earned a high school diploma in 2003 and a bachelor's degree in 2019. She was married in 2012, but she has been legally separated since 2015. She served on active duty with the Navy from 2006 until 2012, when she earned an honorable discharge. She then served on inactive reserve in the Navy from 2012 until 2017. She has three children, ages 16, 12, and 4. (Items 3, 4)

In the SOR, the Government alleged that Applicant had eight delinquent debts totaling approximately \$58,000 (SOR ¶¶ 1.a through 1.h). As I will discuss in greater detail in my discussion of SOR ¶ 1.f, below, the record evidence reflects that the balance of that account is over \$11,000 less than the amount alleged in the SOR. Therefore, in actuality, those eight delinquent debts combine for a total of about \$47,000. The delinquencies consist of the following: a telecommunications debt (SOR ¶ 1.a); credit cards (SOR ¶¶ 1.b, 1.c, and 1.e); a student loan (SOR ¶ 1.d); an automobile loan (SOR ¶ 1.f); an account with a credit union (SOR ¶ 1.g); and an account secured by unknown collateral (SOR ¶ 1.h). She admitted the SOR allegations except for those contained in SOR ¶¶ 1.d and 1.g, which she denied because she did not recognize those accounts. Her admissions are adopted as findings of fact. The SOR allegations are established through her admissions and the Government's June 2023, March 2024, and April 2025 credit reports. (FORM Response; Items 2-6)

The telecommunications debt placed for collection in the amount of \$3,998 listed in SOR ¶ 1.a has not been resolved. Applicant claimed that she had a payment plan on this account, but the creditor allowed the account to continue to accrue late fees and go into collections. She did not provide any documents regarding this account. The June 2023 credit report reflects a May 2023 date of last activity for this account. The March 2024 credit report reflects a May 2019 date of last activity for this account. (FORM Response; Items 2, 4-6)

The credit card charged off in the amount of \$2,352 listed in SOR ¶ 1.b has not been resolved. Applicant claimed that this "old" account was taken care of and not on her credit report. She did not provide any documents regarding this account. The June 2023 credit report reflects a June 2023 date of last activity for this account. The March 2024 credit report reflects a last payment date of November 2017 for this account. (FORM Response; Items 2, 4-6)

The credit card charged off in the amount of \$752 listed in SOR ¶ 1.c has not been resolved. Applicant claimed that the account was supposed to be taken care of and removed from her credit report. She did not provide any documents regarding this account. The June 2023 credit report reflects a June 2023 date of last activity for this account. The March 2024 credit report reflects a last payment date of March 2019 for this

account. This account does not appear on the April 2025 credit report. (FORM Response; Items 2, 4-5)

The student loan delinquent in the amount of \$5,589 with a total loan balance of \$10,336, listed in SOR ¶ 1.d, has not been resolved. Applicant claimed that she did not recognize this account. She did not provide any documents regarding this account or any of her efforts to dispute it. The June 2023 and March 2024 credit reports reflect a June 2018 date of last activity for this account. This account does not appear on the April 2025 credit report. (FORM Response; Items 2, 4-5)

The credit card charged off in the amount of \$2,454 listed in SOR ¶ 1.e has not been resolved. Applicant claimed that this “old” account was supposed to have been taken care of and removed from her credit report. She claimed that she fell behind on this account when she and her estranged husband separated. She did not provide any documents regarding this account. The June 2023 credit report reflects a June 2017 date of last activity for this account. The March 2024 credit report reflects a last payment date of August 2017 for this account. This account does not appear on the April 2025 credit report. (FORM Response; Items 2, 4-5)

The automobile loan charged off in the amount of \$23,564 listed in SOR ¶ 1.f has been partially resolved. There is no evidence in the record showing this account had a balance higher than \$12,262. Applicant claimed that the balance is about \$6,000. She claimed that this account is in the process of being settled. She did not provide any documents regarding this account or that substantiated a balance less than \$12,262. The June 2023, March 2024, and April 2025 credit reports reflect a March 2023 last payment date for this account. (FORM Response; Items 2, 4-6)

The credit union account charged off in the amount of \$10,817 listed in SOR ¶ 1.g has not been resolved. Applicant claimed that she did not recognize this account. She did not provide any documents regarding this account or any of her efforts to dispute it. The June 2023 credit report reflects a May 2023 date of last activity for this account. This account does not appear on the March 2024 or April 2025 credit reports. (FORM Response; Items 2, 4)

The secured loan charged off in the amount of \$4,058 listed in SOR ¶ 1.h has not been resolved. Applicant claimed both that this account should have been closed because she does not have the items any longer, and that she is working on a settlement with the creditor. She did not provide any documents regarding this account. The June 2023 credit report reflects an August 2022 date of last activity for this account. This account does not appear on the March 2024 or April 2025 credit reports. (FORM Response; Items 2, 4)

While these accounts are not alleged in the SOR, the April 2025 credit report reflects two additional accounts that are “seriously past due.” One is a delinquent utility account with a balance of \$1,383. The other is a cable account with a balance of \$318. I will not consider information not alleged in the SOR for disqualification purposes. I will consider it for appropriate purposes such as for mitigation and whole-person analysis.

Applicant claimed that she has made several efforts to remove incorrect information from her credit report. She provided no documentation of these efforts. She does not believe that her financial situation should result in her being denied security clearance eligibility. She noted that she is a Navy veteran, a single mother of three children, and she would never commit any financial crimes. She wrote that being denied security clearance eligibility would put her in a worse financial position because she would lose her job. There is no evidence that she has undergone any financial counseling. (FORM Response; Item 2)

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 within DOD 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 into 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 had eight delinquent debts totaling about \$47,000. Many of the delinquent accounts are several years old. The above disqualifying conditions are established.

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;

(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 has not provided any documentation to substantiate her resolution efforts or the basis of her disputes concerning her debts. It is reasonable to expect Applicant to present documentation about the resolution of specific debts. *See, e.g.,* ISCR Case No. 15-03363 at 2 (App. Bd. Oct. 16, 2016). She did not provide sufficient evidence concerning when and why she became delinquent on these accounts, or the specifics of her resolution efforts, such as their timing and nature. She also has additional delinquencies not alleged in the SOR. Her reliance on debts no longer appearing on her credit report, without more, does not provide evidence of mitigation. The fact that a debt no longer appears on a credit report does not establish any meaningful, independent evidence as to the disposition of the debt. ISCR Case No. 14-03612 (App. Bd. Aug. 15, 2015). She therefore has not provided sufficient evidence that her financial issues are unlikely to recur, that she acted responsibly under the circumstances, or that she initiated a good-faith effort to repay or resolve her debts. AG ¶¶ 20(a), 20(b), and 20(d) do not apply.

Not recognizing an account is a reasonable basis to dispute the legitimacy of a past-due debt. Applicant claimed that she did not recognize the accounts listed in SOR ¶¶ 1.d and 1.g. However, she provided no documentation to substantiate the basis of her dispute or evidence of actions to resolve the issue, such as evidence that she disputed these accounts with the credit reporting agencies or the creditors. AG ¶ 20(e) does not apply.

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 considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis. I have also considered Applicant's military service.

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 concern.

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.e:	Against Applicant
Subparagraph 1.f:	Against Applicant except that the balance of the account was \$12,262, not \$23,564.
Subparagraphs 1.g-1.h:	Against 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.

Benjamin R. Dorsey
Administrative Judge