



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



In the matter of: )  
)  
) ISCR Case No. 24-00901  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Tovah Minster, Esq., Department Counsel,  
For Applicant: *Pro se*

08/26/2025

**Decision**

GARCIA, Candace Le'i, Administrative Judge:

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

**Statement of the Case**

On July 24, 2024, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). The action was taken under Executive Order (Exec. Or.) 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) implemented by DOD on June 8, 2017.

Applicant submitted a response to the SOR on August 10, 2024 (Answer) and requested a hearing before an administrative judge. The case was assigned to me on January 13, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice on January 22, 2025, scheduling the matter for a hearing on February 18, 2025. I convened the hearing as scheduled.

At the hearing, I admitted in evidence without objection Government Exhibits (GE) 1 through 7 and Applicant Exhibit (AE) A. Applicant testified and did not call any witnesses. At Applicant's request, I kept the record open until March 4, 2025, to enable her to submit additional documentation. She timely submitted documentation that I marked collectively as AE B and admitted in evidence without objection. DOHA received the hearing transcript (Tr.) on February 28, 2025.

### **Findings of Fact**

Applicant admitted all the SOR allegations in her Answer. She is 44 years old, she has never married, and she has a 15-year-old child. She graduated from high school in 1999, and she earned a bachelor's degree in 2004, and a master's degree in 2007. She previously owned a home from 2011 to December 2024. As of the date of the hearing, she has rented her current residence since February 2025. (Tr. 7, 28-29, 39, 48, 81-83, 106-109; GE 1)

Applicant worked for another U.S. Government agency, and held eligibility for a public trust position, from January 2009 until her voluntary departure in July 2022. She then worked for a DOD contractor until July 2023, when she was terminated for failure to meet production standards. As of the date of the hearing, she has been unemployed since July 2023. She received an offer of employment as a background investigator from a DOD contractor in September 2023, contingent on obtaining a security clearance. She was granted eligibility for a public trust position in 2009 but has never held a clearance. (Tr. 5, 7-9, 17-18, 29-35, 94; GE 1, 7; AE A)

Applicant filed Chapter 7 bankruptcy in July 2018, and her bankruptcy was discharged in October 2018. (SOR ¶ 1.a) She also had 17 delinquent consumer debts, totaling \$32,011. (SOR ¶¶ 1.b-1.r) Her bankruptcy and delinquent debts are established by her admissions in her Answer, her September 2023 security clearance application (SCA), her December 2023 background interview, court records, bankruptcy records, and credit bureau reports (CBRs) from September 2023, March 2024, and July 2024. (Tr.; GE 1-7)

Applicant disclosed her 2018 Chapter 7 bankruptcy on her SCA, and listed debts in the bankruptcy totaling \$150,000. Her liabilities consisted primarily of credit card debt. She attributed her bankruptcy to becoming a single-income household in 2016 after her child's father moved out of the home they purchased together in 2011. When they lived together, she was primarily responsible for their joint expenses but they split the mortgage and other bills. When he moved out, his financial contribution decreased to approximately \$300 biweekly. She refinanced her home in 2016 to remove him from the loan. Before petitioning for bankruptcy, she tried to resolve her debts through a debt relief consolidation company (COMPANY). (Tr. 35-41, 48, 81-82, 96-97, 100, 109-113; GE 1, 3, 7; AE A) She testified, "I first was going to do the debt relief but decided not to and decided to wipe my slate clean and start over to refresh myself to go on a new path." (Tr. 39)

Applicant attributes her financial issues after her bankruptcy to her period of unemployment since July 2023. She received unemployment benefits from July 2023 to December 2023. She also relied on the financial support provided by her mother and grandmother. She has attempted to secure other employment opportunities pending the outcome of her security clearance, but her efforts have been unsuccessful. Since 2021, she has received \$692 biweekly in court-ordered child support from her child's father, with whom she shares custody, but she is primarily responsible for their child, to include the child's education-related expenses. (Tr. 17-18, 30-32, 35-37, 41-42, 56, 76-82, 87-88, 94-111; GE 2; AE A-B)

In June 2024, bank-initiated foreclosure proceedings began for Applicant's home. She was 13 months behind on her monthly mortgage payments of \$1,900. Since she had equity in her home, the bank permitted her to sell her home in lieu of foreclosure and use the proceeds to pay her delinquent mortgage. Having previously worked with COMPANY in 2018, she contacted COMPANY again in July 2024 to try to resolve her debts. She made biweekly payments of approximately \$179 to \$217 to COMPANY, who used the money to initiate a settlement and make two payments toward SOR ¶ 1.c, as further discussed below. In December 2024 and January 2025, Applicant sold her home at a profit of approximately \$140,000, she paid her delinquent mortgage, and the foreclosure proceedings were dismissed. Upon selling her home, she stopped working with COMPANY in January 2025 and instead used the profit from the sale of her home to resolve all her debts. She also repaid her mother and grandmother \$30,000. As of the date of the hearing, she had \$70,000 remaining, which she intends to use to provide for her and her child until she regains employment. (Tr. 47-52, 72-76, 87-89, 94-111, 114-116; GE 2; AE A-B)

SOR ¶ 1.b is a \$7,699 charged-off debt consolidation loan that Applicant obtained in July 2020 to try to resolve her credit cards. She made monthly payments of approximately \$361 toward the loan from November 2021 until November 2023, when she could no longer afford to do so. She notified the bank of her inability to pay the loan but the bank told her it could not do anything for her since she was so far behind on her payments. (Tr. 42-46) In January 2025, she settled the debt for approximately \$6,300 "when my money hit from my house." (Tr. 45) She made two monthly payments of \$525 in January and February 2025, and she expects to continue making such monthly payments until this debt is resolved in January 2026. (Tr. 42-46, 79; AE A-B)

SOR ¶ 1.c is a \$5,551 charged-off credit card. Applicant believed this account became delinquent in 2024. She did not contact the creditor because she did not have the financial means to enter a repayment plan. COMPANY settled this debt on her behalf for \$4,000 and made two payments of \$255 toward the settlement. She then paid the remaining \$3,600 in January 2025 using the proceeds from the sale of her home. (Tr. 46-47, 49-52; AE A)

SOR ¶ 1.d is a credit account placed for collection for \$2,254. When Applicant was working with COMPANY, this debt was included in her debt consolidation plan. In January 2025, she settled this debt for \$1,578 and paid it using the proceeds from the sale of her home. (Tr. 52-55; AE A)

SOR ¶ 1.e is a \$1,438 charged-off store retail credit card. When Applicant was working with COMPANY, this debt was included in her debt consolidation plan. In February 2025, she paid this debt in full using the proceeds from the sale of her home. (Tr. 55-56; AE A)

SOR ¶¶ 1.f-1.j are five charged-off debts with the same creditor, for \$514, \$141, \$136, \$126, and \$114, respectively. SOR ¶ 1.f is a credit account through which Applicant financed her stationary bike, and she could not recall the accounts underlying SOR ¶¶ 1.g-1.j. She testified she made small monthly payments toward SOR ¶¶ 1.f-1.j before she began working with COMPANY. She made a final payment of \$308 and resolved SOR ¶ 1.f in January 2025. She testified she settled SOR ¶ 1.g for \$84 in July 2024. She made a final payment of \$19 and resolved this debt in November 2024. She testified she settled SOR ¶ 1.h for \$81 in July 2024. She made a final payment of \$19 and resolved this debt in September 2024. She settled SOR ¶ 1.i for \$88, which she paid in three payments of \$29 from September through November 2024. She made a final payment of \$22 in August 2024 to resolve SOR ¶ 1.j. (Tr. 56-60, 94-96; AE A-B)

SOR ¶ 1.k is a \$1,586 charged-off credit card. When Applicant was working with COMPANY, this debt was included in her debt consolidation plan. She believed she made small payments toward this debt before January 2025, when she made a final payment of \$1,428, using the proceeds from the sale of her home, to resolve this debt. (Tr. 60-61; AE A)

SOR ¶ 1.l is a \$743 charged-off retail store credit card. When Applicant was working with COMPANY, this debt was included in her debt consolidation plan. Using the proceeds from the sale of her home, she made a payment of \$669 in January 2025 to resolve this debt. (Tr. 61-62; AE A)

SOR ¶ 1.m is a \$1,780 charged-off retail store credit card. When Applicant was working with COMPANY, this debt was included in her debt consolidation plan. Using the proceeds from the sale of her home, she made a payment of \$890 in January 2025 to resolve this debt. (Tr. 62-63; AE A)

SOR ¶ 1.n is a \$4,142 charged-off credit union credit card. Applicant settled this debt for \$3,150, which she paid in January 2025 using the proceeds from the sale of her home. (Tr. 63-64; AE A)

SOR ¶¶ 1.o-1.q are three credit card debts with the same creditor, past due for \$1,004, \$1,409, and \$1,692, respectively. When Applicant was working with COMPANY, all three debts were included in her debt consolidation plan. She settled and paid all three debts in January 2025, using the proceeds from the sale of her home, as follows: SOR ¶ 1.o for \$652, SOR ¶ 1.p for \$916, and SOR ¶ 1.q for \$1,100. (Tr. 64-67; AE A)

SOR ¶ 1.r is another debt consolidation loan Applicant obtained, to try to resolve her credit cards and her car payment, past due for \$1,682, with a total balance of \$15,655. She reached a loan modification agreement in August 2024, in which she was scheduled to make monthly payments of \$255 beginning in September 2024 for 79 months. She

testified she made consistent, monthly payments beginning in September 2024. Documentation reflects six monthly payments of between \$253 and \$256 from October 2024 to February 2025, with her balance as of that date reflected as \$12,938, and that this account is no longer past due. (Tr. 67-70, 79, 84-85; AE A-B)

Applicant expected to earn an annual salary of approximately \$55,000 with her prospective employer. (Tr. 29-30) She earned approximately \$45,000 annually from July 2022 to July 2023 and \$122,000 annually from January 2009 to July 2022. (Tr. 32-33) She owes the Internal Revenue Service (IRS) approximately \$25,000 in past-due federal taxes for tax years 2021 and 2022, related to her withdrawal from her 401(k)-retirement savings account during the COVID-19 pandemic. She testified she entered an initial installment plan with the IRS in approximately 2023 or 2024 of \$300 monthly that she was unable to maintain. (Tr. 89-94, 105-106; AE B)

Applicant stated she entered another installment plan with the IRS in December 2024, consisting of monthly payments of \$75 for 2025, set to increase to monthly payments of \$400 in 2026 until her outstanding taxes are paid. She provided documentation reflecting she made two monthly payments of \$75 in January and February 2025, she has such monthly payments scheduled from March 2025 to November 2025, and she is current on her monthly installment plan. She stated she does not have any outstanding state taxes. She intends to make larger payments to her outstanding federal taxes once she obtains employment and is more financially stable by using some of the remainder of the proceeds from the sale of her home. Applicant's outstanding federal taxes were not alleged in the SOR and cannot be used for disqualification purposes but may be used while assessing the applicability of mitigating conditions and in my whole-person analysis. (Tr. 89-94, 105-106; AE B)

Applicant settled and paid another credit-card account that was not alleged in the SOR, for \$890 in January 2025, and she stated she does not have any other delinquent debts. (Tr. 70-72, 110-113; AE A) She keeps a budget to track her expenses, to include her child's private school tuition and her monthly rent of \$3,000. (Tr. 80-89, 101-113, 116-117) She received financial counseling in July 2018 during her bankruptcy proceedings and she completed a financial literacy course in February 2025. (Tr. 101; GE 3; AE B) She did not have any unfavorable issues during the period in which she held eligibility for a public trust position. (Tr. 35)

## **Policies**

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(a), 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 Exec. Or. 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* Exec. Or. 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 not being able to pay her debts, as evidenced by her 2018 bankruptcy and her delinquent debts post-bankruptcy. AG ¶¶ 19(a) and 19(c) 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;

(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

(g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

Conditions beyond Applicant's control contributed to her 2018 bankruptcy and her delinquent debts post-bankruptcy. The first prong of AG ¶ 20(b) applies. For the full application of AG ¶ 20(b), she must provide evidence that she acted responsibly under her circumstances. She made some payments toward some of her debts, to include SOR ¶ 1.b and SOR ¶¶ 1.f-1.j, before the SOR. She contacted the same debt consolidation company, with whom she had previously worked in 2018, in July 2024 to try to resolve her debts. In December 2024 and January 2025, she sold her home and used half of the \$140,000 profit to pay her delinquent mortgage and most of her delinquent debts. She resolved SOR ¶¶ 1.c-1.q, and she has made payments in accordance with payment plans for SOR ¶¶ 1.b. and 1.r. Although she owes approximately \$25,000 in federal taxes, she has made monthly payments of \$75 in accordance with an installment agreement she has in place with the IRS, for which she is current. She intends to continue to resolve these remaining debts. She has received financial counseling and she understands the importance of maintaining her finances under control considering her financial history. I

find that these financial issues do not continue to cast doubt on her reliability, trustworthiness, and judgment. AG ¶¶ 20(a), 20(b), 20(c), 20(d), and 20(g) 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. 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.r: For Applicant

### **Conclusion**

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is granted.

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Candace Le'i Garcia  
Administrative Judge