



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



In the matter of:)
)
) ISCR Case No. 24-02076
)
Applicant for Security Clearance)

Appearances

For Government: William H. Miller, Esq., Department Counsel
For Applicant: *Pro Se*

09/17/2025

Decision

KATAUSKAS, Philip J., Administrative Judge:

Applicant provided insufficient evidence to mitigate the security concerns raised under Guideline F, financial considerations. Eligibility is denied.

Statement of the Case

Applicant submitted his security clearance application (SCA) on March 6, 2024, in connection with her employment by a defense contractor. On December 26, 2024, following a background investigation, the Department of Defense (DOD) issued Applicant a Statement of Reasons (SOR) detailing security concerns under Guideline F, financial considerations. DOD issued the SOR 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 Security Executive Agent Directive 4 (SEAD 4) *National Security Adjudicative Guidelines* (AG), which became effective on June 8, 2017.

On March 10, 2025, Applicant submitted an answer to the SOR (Answer) and requested a decision by an administrative judge from the Defense Office of Hearings and

Appeals (DOHA) based on the administrative (written) record, in lieu of a hearing. On March 27, 2025, Department Counsel submitted the Government's File of Relevant Material (FORM), including documents identified as Government Exhibits (GE) 1 through 8. On March 31, 2025, the FORM was mailed to Applicant who received it on April 13, 2025. She was afforded an opportunity to note objections and to submit material in refutation, extenuation, or mitigation, and was given 30 days from receipt of the FORM to do so. She submitted no response. GE 1 and 2, the SOR and the Answer, respectively, are the pleadings in the case. GE 3 through 8 are admitted without objection. The case was assigned to me on July 21, 2025.

Findings of Fact

After a thorough and careful review of the pleadings and the Government's exhibits, I make the following findings of fact:

Applicant is 36 years old, has never married, and has no children. She is a high school graduate (June 2006). From July 2000 to June 2022, she lived in State A, where she was born. She moved to State B in June 2022 and lived there until June 2023, when she moved back to State A. With one stint of unemployment (July to October 2023), since April 2019, she has worked as a marine welder. Since October 2023, she has worked for a defense contractor, which is her sponsor. This is her first application for a security clearance. (GE 3.)

The SOR alleged that Applicant has four charged off consumer debts for \$20,211 and one consumer debt in collection for \$50. (GE 1.) She admitted all of those debts. For SOR ¶¶ 1.a through 1.d, she simply stated: "I plan to mitigate this debt." She provided no documents showing any mitigation efforts. For SOR ¶ 1.e, she explained that she was communicating with the collection agency about paying the debt in full. She did not provide any documents evidencing those communications or a final resolution.

In her Answer, she also identified two debts that are not alleged and are "in good standing." The first is an auto lease with a monthly payment of \$714, and the second is an unsecured loan with a monthly payment of \$421. She claims that those two loans are a "huge chunk of her budget" and "will be ending soon." The credit reports support her claim. (GE 8 at 2.) With her Answer, she provided a billing statement showing that the auto lease matured on July 19, 2025. She believes that when those two accounts are resolved, she will be in a "more suitable and comfortable position to conduct payment arrangements." (GE 2.) At that point, she also plans to resume monthly payments on her other debts. (GE 5.) Her current monthly remainder is \$142. At the time of her personal subject interview (PSI) she was expecting an increase in pay in the next couple of months. (GE 4.)

In her PSI, Applicant explained how she came to be in financial straits. Her accounts were current until sometime in 2023, when she became unable to meet all of her monthly payments. In June 2022, she moved from State A to State B for employment opportunities. She made the move, because she had been told there would be increased

pay and overtime available in State B. She found, however, that overtime was not available, and her pay was significantly less than anticipated. As a result, she began to fall behind on her bills in early 2023. Her sister passed away in February 2023, and she was grieving and focused on family. She then relocated to State A in June 2023 and has been trying to improve her financial situation. (GE 5.) When she returned to State A, she had difficulty finding steady employment in her trade. In addition, in State A, the cost of living was high, and the wages were not the best. (GE 3.)

Law and Policies

It is well established that no one has a right to a security clearance. As the Supreme Court has noted, “the clearly consistent standard indicates that security determinations should err, if they must, on the side of denials.” *Department of the Navy v. Egan*, 484 U.S. 518, 531 (1988).

When evaluating an applicant’s suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. These guidelines, which are flexible rules of law, apply together with common sense and the general factors of the whole-person concept. The administrative judge must consider all available and 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 applicant or proven by Department Counsel. . . .” The applicant has the ultimate burden of persuasion in seeking a favorable security decision.

Analysis

Guideline F - Financial Considerations

The security concern relating to Guideline F 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.

This concern is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual's self-control, judgment, and other qualities essential to protecting classified information. An individual who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Guideline F notes conditions that could raise security concerns under AG ¶ 19. The following conditions are applicable in this case:

- (a) inability to satisfy debts; and
- (b) a history of not meeting financial obligations.

The SOR debts are established by Applicant's admissions and the Government's credit reports. Therefore, AG ¶¶ 19(a) and (b) apply. The next inquiry is whether any mitigating conditions apply.

Guideline F also includes conditions that could mitigate security concerns arising from financial difficulties. The following mitigating conditions under AG ¶ 20 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; and
- (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.

I have considered mitigating condition AG ¶ 20(a). Applicant's financial problems are of recent vintage. Her debts are numerous and substantial enough to raise security concerns. Applicant has offered no evidence of mitigation efforts of these debts. Finally, there is no record evidence of her past reliability, trustworthiness, or good judgment. I find that mitigating condition AG ¶ 20(a) does not apply.

Mitigating condition AG ¶ 20(b) requires that an applicant's financial woes be (1) caused by conditions "largely beyond" her control, and (2) she acted responsibly

The next inquiry is whether Applicant acted responsibly upon facing her inability to find suitable employment upon her return to State A. With a monthly remainder of \$142, she likely did not have sufficient cash to defray her outstanding debts. As she did with the SOR ¶ 1.e creditor, she could have opened lines of communications with her other SOR creditors, explained that her cash flow would soon improve by a raise and two debts being retired, and sought a brief forbearance. Doing nothing was not responsible conduct. I find that mitigating condition AG ¶ 20(b) does not apply.

Under AG ¶ 2(a), 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. AG ¶¶ 2(a) and (d)(1)-(9) (explaining the “whole-person” concept and factors). In my analysis above, I considered the potentially disqualifying and mitigating conditions and the whole-person concept in light of all the facts and circumstances surrounding this case.

Formal Findings

Paragraph 1, Guideline F: **AGAINST APPLICANT**

Subparagraphs 1.a - 1.e: Against Applicant

In light of all of the circumstances presented, it is not clearly consistent with the interests of national security to grant Applicant access to classified information. Eligibility for access to classified information is denied.

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