



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 24-01985

Appearances

For Government: Patricia Lynch-Epps, Esq., Department Counsel
For Applicant: *Pro Se*

11/19/2025

Decision

HOGAN, Erin C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on May 27, 2022. On February 20, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent her a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DCSA acted under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) implemented by the DOD on June 8, 2017.

Applicant timely answered the SOR and requested a decision based on the written record in lieu of a hearing. On March 24, 2025, the Government sent Applicant a complete copy of its written case, a file of relevant material (FORM), including pleadings and evidentiary documents identified as Items 1 through 13. She was given an opportunity to

submit a documentary response setting forth objections, rebuttal, extenuation, mitigation, or explanation to the Government's evidence. She received the FORM on April 6, 2025. She was given 30 days to submit a Response to the FORM. She submitted a response to the FORM on April 7, 2025. It is marked and admitted as Item 14. The case was forwarded to the Defense Office of Hearings and Appeals (DOHA) Hearing Office on July 9, 2025, and assigned to me on November 14, 2025.

Evidentiary Matters

Items 1 through 3 contain the pleadings in the case and are part of the record. Items 4 through 13 are admitted into evidence.

Findings of Fact

Applicant, age 43, is an employee of a DOD contractor who is seeking a security clearance for the first time. She has been employed with the DOD contractor since June 2022. She has no military service. She is a high school graduate. She is divorced and has an adult son. (Item 3)

The SOR alleged Applicant filed for Chapter 7 bankruptcy in March 2018. Her total assets were listed as \$21,193 and her total liabilities were listed as \$39,057. Her debts were discharged in July 2018. (SOR ¶ 1.i; Item 12) The SOR also alleged 11 delinquent debts incurred by Applicant after her Chapter 7 bankruptcy discharge in July 2018. The total balance of the post-bankruptcy delinquent debts is approximately \$15,513. The delinquent debts are listed in credit reports dated March 19, 2025, April 22, 2024, September 23, 2023, and July 28, 2022. (Items 8 – 11)

The debts include a \$4,824 delinquent account that was charged off (SOR ¶ 1.a); a \$4,153 delinquent credit card account that was placed for collection (SOR ¶ 1.b); a \$2,105 delinquent credit card account that account that was placed for collection (SOR ¶ 1.c); an \$872 delinquent account that was placed for collection (SOR ¶ 1.d); a \$802 delinquent account that was charged off (SOR ¶ 1.e); a \$740 delinquent credit card account that was placed for collection (SOR ¶ 1.f); and a \$554 delinquent account that was charged off. (SOR ¶ 1.g)

Additional delinquent debts include a \$369 delinquent credit card account that was placed for collection (SOR ¶ 1.h); a \$351 delinquent account that was placed for collection (SOR ¶ 1.i); a \$333 delinquent account that was charged off (SOR ¶ 1.j); a delinquent debt with an unknown balance that was charged off (SOR ¶ 1.1); and a \$500 debt owed to the Internal Revenue Service (IRS) for tax year 2023 (SOR ¶ 1.k)

In her response to the SOR, Applicant admitted all SOR allegations. She indicated that she recently divorced her husband. She had extra expenses to include moving into a new place. While transitioning to a new job, she became infected with COVID on two occasions, causing her to be out of work for a significant amount of time. She had to live off her credit cards to support herself and her son. She recently contacted a credit

reporting agency to obtain a copy of her credit report in order to start working on her debt. She has started to contact creditors to begin to resolve some of her debts. (Item 3)

In her response to the FORM, Applicant submitted several e-mails. She mentions that she never wanted her financial situation to get this bad. She has made arrangements to begin resolving her delinquent accounts. She has paid off some of her debt. When she pays off her truck loan, she will have an additional \$657 per month to apply towards her debts. Her current focus is to keep reliable transportation to get to and from work so that she is able to pay her bills and not lose her job. She attached a March 2025 statement from her credit union account which shows that she is making her car payment. She also provided the first page of a credit report. She circled the information about what she needs to do to submit a dispute a debt online. She also wrote the word "dispute." It is likely she intends to dispute some of her debts. She did not provide a budget outlining her monthly income and expenses. (Item 14)

Policies

"[N]o one has a 'right' to a security clearance." (*Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988)). As Commander in Chief, the President has the authority to "control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information." (*Egan* at 527). The President has authorized the Secretary of Defense or his designee to grant applicants eligibility for access to classified information "only upon a finding that it is clearly consistent with the national interest to do so." (EO 10865 § 2)

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the AG. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, an administrative judge applies these guidelines in conjunction with an evaluation of the whole person. An administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available and reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. Decisions include, by necessity, consideration of the possible risk that the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about potential, rather than actual, risk of compromise of classified information.

Clearance decisions must be made "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." (EO 10865 § 7). Thus, a decision to deny a security clearance is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense have established for issuing a clearance. Initially, the Government must establish, by substantial

evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. (*Egan*, 484 U.S. at 531). “Substantial evidence” is “more than a scintilla but less than a preponderance.” (*See v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994)). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant’s security suitability. (ISCR Case No. 15-01253 at 3 (App. Bd. Apr. 20, 2016)). Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. (Directive ¶ E3.1.15). An applicant has the burden of proving a mitigating condition, and the burden of disproving it never shifts to the Government. (ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005))

An applicant “has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue her security clearance.” (ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002)). “[S]ecurity clearance determinations should err, if they must, on the side of denials.” (*Egan*, 484 U.S. at 531; AG ¶ 2(b))

Analysis

Guideline F: Financial Considerations

The concern under this guideline 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 a person might knowingly compromise classified information to raise money. It encompasses concerns about a person’s self-control, judgment, and other qualities essential to protecting classified information. A person 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).

AG ¶ 19 notes several disqualifying conditions that could raise security concerns. The disqualifying conditions that are relevant to Applicant’s case include:

(a) inability to satisfy debts;

(c) a history of not meeting financial obligations; and

(f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

Based on the record evidence, AG ¶ 19(a) and AG ¶ 19(c) apply to Applicant's delinquent debts alleged in SOR ¶¶ 1.a through 1.k as well as her March 2018 bankruptcy under Chapter 7. The total approximate balance of the post-bankruptcy delinquent debts is \$15,513. Her Chapter 7 bankruptcy discharge in March 2018 indicates a history of not meeting financial obligations. AG ¶ 19(f) applies to the delinquent \$500 tax debt owed to the IRS for tax year 2023.

AG ¶ 20 describes conditions that could mitigate security concerns. The following are potentially applicable in this case:

(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 counseling service, and there are clear indications that the problem is being resolved or is under control; 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.

AG ¶ 20(b) partially applies because Applicant's divorce created financial hardship for her. I cannot conclude that she acted responsibly under the circumstances because although she said that she is beginning to resolve her delinquent accounts, she provided no proof that any of the delinquent accounts alleged in the SOR were resolved or are in the process of being resolved. For this reason, this mitigating condition is given less weight.

AG ¶ 20(c) does not apply. There is no indication that Applicant received financial counseling or that her financial situation is under control. She provided no documentation about the status of any of the delinquent debts alleged in the SOR. She provided no proof that any payments were made towards any of the debts, such as receipts from the creditor, copies of bank statements or cancelled checks.

AG ¶ 20(g) does not apply because there is no evidence that Applicant's \$500 IRS tax debt for tax year 2023 has been resolved.

Overall, Applicant failed to meet her burden of proof to mitigate the concerns raised under Financial Considerations.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether the granting or continuing of national security eligibility is clearly consistent with the interests of national security must be an overall commonsense judgment based upon careful consideration of the adjudicative guidelines, each of which is to be evaluated in the context of the whole person. An 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.

I have incorporated my comments under Guideline F in my whole-person analysis, and I have considered the factors in AG ¶ 2(d). Applicant failed to provide sufficient evidence of her efforts to resolve or dispute her delinquent accounts. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude that Applicant has not mitigated the security concerns raised under financial considerations.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for award of a security clearance in the future. With a longer track record of financial responsibility, she may be able to demonstrate persuasive evidence of her security clearance worthiness. Overall, the record evidence leaves me with questions and doubts as to her eligibility and suitability for a security clearance at this time.

Formal Findings

Formal findings 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.I:	Against Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Clearance is denied.

Erin C. Hogan
Administrative Judge