



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 24-02056

Appearances

For Government: Karen Moreno-Sayles, Esq, Department Counsel
For Applicant: *Pro se*

11/24/2025

Decision

WESLEY, ROGER C. Administrative Judge

Based upon a review of the case file, pleadings, exhibits, and testimony, Applicant did not mitigate financial considerations concerns. Eligibility for access to classified information or to hold a sensitive position is denied.

Statement of the Case

On February 12, 2025, the Defense Counterintelligence and Security Agency Adjudication Vetting Services (DCSA AVS) issued a statement of reasons (SOR) to Applicant detailing reasons why under the financial considerations guideline the DCSA AVS could not make the preliminary affirmative determination of eligibility for granting a security clearance, and recommended referral to an administrative judge to determine whether a security clearance should be granted, continued, denied, or revoked. The action was taken under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960); Department of Defense (DoD) Directive 5220.6 *Defense Industrial Personnel Security Clearance Review Program*, (January 2, 1992) (Directive); and Security Executive Agent Directive 4, establishing in Appendix A the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AGs), effective June 8, 2017.

Applicant responded to the SOR on February 25, 2025, and requested that her case be resolved on the written record without a hearing. Applicant received the File of Relevant Material (FORM) on June 9, 2025, and she elected not to respond to the FORM. This case was assigned to me on September 15, 2025. The Government's case consisted of seven exhibits that were admitted without objection as Government Exhibits (GEs) 1-7).

Summary of Pleadings

Under Guideline F, Applicant allegedly accumulated two delinquent debts exceeding \$68,000. Allegedly, Applicant's delinquent debts have not been resolved and remain outstanding.

In Applicant's response to the SOR, she admitted the allegations pertaining to her finances and added explanations and clarifications. She claimed her surgeon's billing office was pursuing litigation with her primary and secondary insurers who disagreed as to which carrier was primarily liable for her medical procedure. She claimed she will make payment arrangements once the insurance dispute is resolved between her insurance carriers. She further claimed that she will immediately resolve her past-due debt covered by SOR ¶ 1.b.

Findings of Fact

Applicant is a 30-year-old employee of a defense contractor who seeks a security clearance. Allegations covered in the SOR and admitted by Applicant are incorporated and adopted as relevant and material findings. Additional findings follow.

Background

Applicant married in May 2017 and divorced in July 2022. (GE 3) She has one child (age seven) from her marriage. (GE 3) She earned a high school diploma in June 2013. (GE 3) Applicant reported no military service. Since May 2022, Applicant has been employed by her employer as a manufacturing technician. (GE 3) Previously, she worked for other employers in various jobs. She has never held a security clearance and is presently sponsored by her current employer. (GEs 2-3)

Applicant's Finances

Between 2021 and 2023, Applicant accumulated two delinquent debts (one a large medical debt for \$67,840 and the other a small \$368 consumer debt) exceeding \$68,000. (GEs 1-7) She attributed the medical debt to an unresolved insurance dispute between her primary insurance carrier and her reinsurance carrier over who bore primary responsibility over Applicant's medical service submissions. (GEs 2-7) Addressing the smaller \$398 consumer debt, she committed to setting up a payment plan by August 2024. (GEs 2 and 7)

In her personal subject interview (PSI) of June 2024, Applicant provided background information to the interviewing investigator from the Office of Personnel

Management (OPM) Her furnished information covered her surgical operations in January 2021. Underlying the medical debt covered by SOR ¶ 1.a. (GE 7) She cited a disagreement between her primary and secondary insurers covering her surgical procedures and her inability to secure payment responsibility from either insurer. She told the investigator that she was subsequently advised by her treating physician that his office would pursue resolution of the debt with the insurance companies and initiate litigation proceedings if necessary to secure payment of the owed \$67,840 medical debt. (GE 7)

Until she recently checked her credit report, she had no knowledge that the debt was reflected on her report. Once she found the debt listed on her credit report, she assured the OPM investigator who interviewed her in June 2024 that she would make every effort to resolve the debt. (GE 7) She told the investigator that “her current financial situation is tight,” as she had financial responsibilities that includes her providing financial support of her three children, while maintaining a mortgage and managing her car payments. (GE 7) With her limited income sources, she was not able to make enough money to cover her other financial obligations without additional income.

Asked about her listed charged-off consumer debt of \$398 (covered by SOR ¶ 1.b), Applicant acknowledged her awareness of the debt and expressed her belief that the debt had been previously discharged through an arranged payment plan. (GE 7) She committed to calling the creditor and setting up another payment plan.

To date, Applicant has provided no documentation of payment initiatives regarding her SOR-listed debts. She furnished no correspondence from her retained attorney or insurance carriers addressing the ongoing nature of the medical dispute, explanation of benefits from any of her medical providers, denials of benefits, pending payment initiatives, or communication exchanges between the parties supporting the on-going payment dispute, pre-litigation mediation efforts, or litigation status. Corroborating evidence of payment progress is lacking. Applicant’s only proffered proof consists of her own statements and unsubstantiated third-party statements from her attorney.

In her personal financial statement of August 2024, she reported monthly income of \$2,664, monthly expenses of \$2,724, and monthly debt payments of \$1,009. (GE 4) Her incurred expenses and debt payments leaves her with no documented discretionary resources to address her unresolved debts.

Policies

By virtue of the jurisprudential principles recognized by the U.S. Supreme Court in *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988), “no one has a ‘right’ to a security clearance.” 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. Eligibility for access to classified information may only be granted “upon a finding that it

is clearly consistent with the national interest to do so.” Exec. Or. 10865, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended. Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied 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, reliable information about the person, past and present, favorable and unfavorable.

The AGs list guidelines to be considered by judges in the decision-making process covering DOHA cases. These guidelines take into account factors that could create a potential conflict of interest for the individual applicant, as well as considerations that could affect the individual’s reliability, trustworthiness, and ability to protect classified information. These AGs include conditions that could raise a security concern and may be disqualifying (disqualifying conditions), if any, and all of the conditions that could mitigate security concerns, if any. These guidelines must be considered before deciding whether or not a security clearance should be granted, continued, or denied. Although, the guidelines do not require judges to place exclusive reliance on the enumerated disqualifying and mitigating conditions in the guidelines in arriving at a decision.

In addition to the relevant AGs, judges must take into account the pertinent considerations for assessing extenuation and mitigation set forth in ¶ 2(a) of the AGs, which are intended to assist the judges in reaching a fair and impartial, commonsense decision based on a careful consideration of the pertinent guidelines within the context of the whole person. The adjudicative process is designed to examine a sufficient period of an applicant’s life to enable predictive judgments to be made about whether the applicant is an acceptable security risk.

When evaluating an applicant’s conduct, the relevant guidelines are to be considered together with the following ¶ 2(d) factors: (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 of the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Viewing the issues raised and evidence as a whole, the following individual guidelines are pertinent herein:

Financial Considerations

The Concern: Failure or inability 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 or 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 acts or otherwise questionable acts to generate funds. . . . AG ¶ 18.

Burdens of Proof

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 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 "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." See Exec. Or. 10865, Feb. 20, 1960, § 7. See also Exec. Or. 12968 (Aug. 2, 1995), § 3.1.

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. See *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. See ISCR Case No. 95-0611 at 2 (App. Bd. May 2, 1996).

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 ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his [or her] security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). The burden of disproving a mitigating condition never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531; see AG ¶ 2(b).

Analysis

Security concerns are raised over Applicant's accumulation of two delinquent debts exceeding \$68,000 that raise trust, reliability, and judgment concerns about his

current and future ability to manage her finances safely and responsibly. These concerns are addressed below.

Financial concerns

Applicant's accumulated delinquent debts warrant the application of two of the disqualifying conditions (DC) of the financial consideration guidelines. DC ¶¶ 19(a), "inability to satisfy debts," and 19(c), "a history of not meeting financial obligations," apply to Applicant's situation.

Applicant's admitted debt delinquencies require no independent proof to substantiate them. See Directive 5220.6 at E3.1.1.14; *McCormick on Evidence* § 262 (6th ed. 2006). Her admitted debt delinquencies are fully documented and raise judgment issues over the management of her finances. See ISCR Case No. 03-01059 (App. Bd. Sept. 24, 2004). Credit bureau reports are ordinary business records admissible as an exception to the Federal Rules of Evidence (F.R. of Ev.) as a hearsay exception that doesn't require an authenticating witness. See ISCR Case No. 18-00052 at 3 (App. Bd. Jan. 18, 2019); ISCR Case No. 07-08955 at 1-2 (App. Bd. Sep. 15, 2008)

Financial stability in a person cleared to protect classified information is required precisely to inspire trust and confidence in the holder of a security clearance that entitles the person to access classified information. While the principal concern of a security clearance holder's demonstrated difficulties is vulnerability to coercion and influence, judgment and trust concerns are implicit in cases involving delinquent debts.

Historically, the timing of addressing and resolving an applicant's debt delinquencies are critical to an assessment of the applicant's trustworthiness, reliability, and good judgment in following rules and guidelines necessary for those seeking access to classified information or to holding a sensitive position. See ISCR Case No. 14-06808 at 3 (App. Bd. Nov. 23, 2016); ISCR Case No. 14-01894 at 5 (App. Bd. Aug. 18, 2015); ISCR Case No. 14-00221 at 2-5 (App. Bd. June 29, 2016).

Applicant is entitled to partial application of mitigating condition (MC) ¶ 20(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," in recognition of extenuating circumstances associated with her family care-taking responsibilities. However, she is not able to meet the mitigation requirements of the second prong of MC ¶ 20(b) ("and the individual acted responsibly under the circumstances").

Without documented evidence of Applicant's resolving her current debt delinquencies, other mitigating conditions are not available to her. In the past, the Appeal Board has consistently imposed evidentiary burdens on applicants to provide documentation corroborating actions taken to resolve financial problems, whether the issues relate to back taxes or other debts and accounts. See ISCR Case No. 19-02593

at 4-5 (App. Bd. Oct. 18, 2021); ISCR Case No. 19-01599 at 3 (App. Bd. Jan. 20, 2020). Afforded opportunities to do so, Applicant has provided insufficient information on the status of her debts and available financial resources to address them.

Whole-person assessment

Whole-person assessment of Applicant's clearance eligibility requires consideration of whether her history of accumulated delinquent debts is fully compatible with minimum standards for holding a security clearance. While Applicant is entitled to credit for her work in the defense industry, her efforts are not enough at this time to overcome her repeated failures or inability to address her delinquent debts. Overall good judgment, reliability and trustworthiness are not established.

Based on a consideration of all of the facts and circumstances considered in this case, it is too soon to make safe predictions that Applicant will be able to undertake documented good-faith efforts to mitigate the Government's financial concerns within the foreseeable future. More time is needed to establish the requisite levels of stability with her finances to establish her overall eligibility for holding a security clearance.

I have carefully applied the law, as set forth in *Department of Navy v. Egan*, 484 U.S. 518 (1988), Exec. Or. 10865, the Directive, and the AGs, to the facts and circumstances in the context of the whole person. I conclude financial considerations security concerns are not mitigated. Eligibility for access to classified information is denied.

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:

GUIDELINE F (FINANCIAL CONSIDERATIONS): AGAINST APPLICANT

Subparagraphs 1.a-1.b:

Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, 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.

Roger C. Wesley
Administrative Judge