



DEPARTMENT OF DEFENSE  
DEFENSE OFFICE OF HEARINGS AND APPEALS



In the matter of:

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ISCR Case No. 25-00082

Applicant for Security Clearance )

### Appearances

For Government: Alison P. O'Connell, Esq., Department Counsel

For Applicant: *Pro se*

12/29/2025

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### Decision

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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 April 4, 2025, 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 22, 2025, and requested a decision based on the written record in lieu of a hearing.

The Government submitted its written case on July 10, 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 July 25, 2025, and she timely submitted a response (FORM Response). She did not object to any of the Government exhibits included in the FORM. The Government did not object to the FORM Response. The Government exhibits included in the FORM, marked as Items 1

through 10, and the FORM Response are admitted in evidence without objection. The case was assigned to me on November 26, 2025.

### **Findings of Fact**

Applicant is a 51-year-old who is applying for security clearance eligibility. She has been employed by a government contractor since October 2024. She was married in 2007, but she has been separated since 2020. She has two adult children and several grandchildren, who she helps support financially. (Items 2, 4, 5, 10; FORM Response)

In the SOR, the Government alleged that Applicant had 11 delinquent debts totaling approximately \$20,000 (SOR ¶¶ 1.a through 1.k). The Government also alleged that she did not timely file her federal and state income tax returns for tax years 2021, 2022, and 2023, as required (SOR ¶ 1.l). Finally, the SOR included an allegation that she filed a Chapter 7 bankruptcy petition in November 2018 that was discharged in February 2019 (SOR ¶ 1.m). She admitted the SOR allegations. Her admissions are adopted as findings of fact. The SOR allegations are established through her admissions, the Government's 2023 and 2025 credit reports, and documents from the Internal Revenue Service (IRS) and the State A taxation authority. (Items 1, 2, 4, 6, 8; FORM Response)

Applicant provided several reasons for her financial issues. She became unemployed for about eight months in 2017 and 2018. She separated from her estranged husband in 2020. She had funeral expenses in early 2021, and she was also financially supporting her grandchildren. She started a new job in October 2024 where she earned significantly more money than her previous job. Between 2016 and 2018, she made approximately \$16,000 or less, annually. She earns about \$50,000 annually from her current employer. She claimed that this increase in salary has allowed her to settle her delinquencies and meet her financial obligations. (Items 2, 4, 5, 8, 10; FORM Response)

In September 2024, Applicant hired a debt-consolidation company to negotiate payment arrangements with the SOR creditors and other creditors not listed in the SOR. Later that year, the debt-consolidation company sent letters to the creditors seeking to settle all 11 SOR accounts in full for between \$50 and \$150 each. In her FORM Response, she provided a document showing that, in August 2025, she hired another debt-consolidation company that the DOD referred to her. She indicated that the first debt consolidation company had not been effective, that she would be seeking a refund from them, and she would use that refund to pay off her debts. She provided no information concerning why she should receive a refund from the first debt consolidation company. I will discuss the status of the SOR debts below. Applicant did not provide any evidence showing which debts were being handled by the second firm, any payment arrangements, or any completed payments. (Items 2, 5; FORM Response)

The account placed for collection in the approximate amount of \$1,311 listed in SOR ¶ 1.a is being resolved. Applicant was delinquent on the account by July 2023. She contacted the creditor beginning in October 2024 to make a payment arrangement. She made voluntary payments without an agreement with the creditor and has reduced the

balance to \$576 between November 2024 and September 2025. She provided documentary evidence of these payments. (Items 2, 6, 7; FORM Response)

The account charged off in the approximate amount of \$1,300 listed in SOR ¶ 1.b has not been resolved. Applicant was delinquent on the account by July 2023. In the FORM Response, Applicant claimed that she has paid the account in full and was waiting on a hardcopy receipt in the mail. There is no documentary evidence that this account has been settled. There is a document reflecting that she made a payment of \$54.20 on this account in June 2025. (Items 2, 6, 7, 9; FORM Response)

The account placed for collection in the approximate amount of \$1,012 listed in SOR ¶ 1.c has not been resolved. Applicant was delinquent on the account by June 2023. She contacted the creditor beginning in October 2024 to make a payment arrangement. In the FORM Response, Applicant claimed that she was waiting on a receipt, without explicitly claiming that she satisfied the account. There is no documentary evidence that this account has been settled. (Items 2, 6, 7, 9; FORM Response)

The accounts charged off by the same creditor in the approximate amounts of \$892 and \$830, listed in SOR ¶¶ 1.d and 1.e, respectively, are being resolved. Applicant contacted the creditor beginning in October 2024 to make a payment arrangement. She made four payments between \$50 and \$80 on the account in SOR ¶ 1.d between June 2025 and August 2025. She made two payments of about \$40 and \$80, respectively, on the account in SOR ¶ 1.e in June 2025 and July 2025. She provided documentary corroboration of these payments. (Items 2, 6, 7; FORM Response)

The account charged off in the approximate amount of \$725 listed in SOR ¶ 1.f has not been resolved. Applicant contacted the creditor beginning in October 2024 to make a payment arrangement. In the FORM Response, Applicant claimed that she paid the account and was waiting on a receipt. There is no documentary evidence that this account has been settled. (Items 2, 6, 7, 9; FORM Response)

The account placed for collection in the approximate amount of \$713 listed in SOR ¶ 1.g has not been resolved. Applicant was delinquent on the account by June 2023. She contacted the creditor beginning in October 2024 to make a payment arrangement. In the FORM Response, Applicant claimed that she was waiting on a receipt, without explicitly claiming that she satisfied the account. There is no documentary evidence that this account has been settled. (Items 2, 6, 7, 9; FORM Response)

The account placed for collection in the approximate amount of \$533 listed in SOR ¶ 1.h has not been resolved. Applicant contacted the creditor beginning in October 2024 to make a payment arrangement. Despite admitting that she owed the debt in the Answer, in the FORM Response, she claimed that she turned over a secured item to the creditor and does not owe it any money. She provided a copy of an undated complaint she filed with the Consumer Financial Protection Bureau (CFPB). The document does not provide a basis for the complaint, merely that it has been filed. She did not provide a document that revealed whether her complaint was successful or its status. (Items 2, 6, 7, 9; FORM Response)

The account placed for collection in the approximate amount of \$505 listed in SOR ¶ 1.i has not been resolved. Applicant was delinquent on the account by June 2023. She contacted the creditor beginning in October 2024 to make a payment arrangement. In the FORM Response, Applicant did not claim that she made any payments on this account, but she did make payments on another account listed in SOR ¶ 1.a, with the same creditor. There is no documentary evidence that this account has been settled or that payments have been made. (Items 2, 6, 7, 9; FORM Response)

The account charged off in the approximate amount of \$233 listed in SOR ¶ 1.j has not been resolved. Applicant contacted the creditor beginning in October 2024 to make a payment arrangement. In the FORM Response, Applicant did not claim that she made any payments on this account. There is no documentary evidence that this account has been settled or that payments have been made. (Items 2, 6, 7, 9; FORM Response)

The account charged off in the approximate amount of \$12,066 listed in SOR ¶ 1.k has not been resolved. Despite Applicant admitting that she owed the debt in the Answer, in the FORM Response, she claimed that the balance should be lower because she does not believe that it reflects the sale of the vehicle securing the loan. She provided a copy of an undated complaint she filed with the CFPB. The document does not provide a basis for the complaint, merely that it has been filed. She did not provide a document that revealed whether her complaint was successful or its status. She did not provide a document supporting her theory that the balance on the account should be lower. She did not provide evidence of any payments on this account. (Items 2, 6, 7, 9; FORM Response)

Applicant did not timely file her federal and state income tax returns for tax years 2021, 2022, and 2023, as required. She claimed that her ability to do so was out of her control for a reason she did not provide. In April 2025, she hired a tax consultant to help her file these late income tax returns. With the tax consultant's assistance, she filed her federal and state income taxes for tax years 2021, 2022, 2023, and 2024 in May 2025. While the SOR did not allege a failure to timely file her income tax returns for tax year 2024, I note it for its potential mitigative effect. (Items 2, 5, 9; FORM Response)

As a result of these income tax filings, Applicant owes federal taxes of \$865 for tax year 2022 and \$551 for tax year 2024. She owes state taxes in the amount of \$942 for tax year 2021, \$69 for tax year 2022, \$561 for tax year 2023, and \$142 for tax year 2024. She claimed that these delinquent taxes are owed by her estranged husband; however, she provided no evidence to corroborate this claim. The documents she provided in her FORM Response to show that she does not owe delinquent taxes do not support that assertion. The SOR did not allege the delinquent federal and state taxes, so I will not use that information for purposes of disqualification. I will use it for appropriate purposes, such as for evidence of mitigation and in my whole-person analysis. In the FORM Response, she indicated that she was unhappy with the tax consultant she hired and would be seeking a refund of the approximately \$2,100 she paid them. She implied that the tax consultant only filed her taxes but was also supposed to pay them or negotiate their payment. The documents she provided did not support an assertion that the tax

consultant agreed to pay her taxes or negotiate their payment. (Items 2, 5, 9; FORM Response)

Applicant filed a Chapter 7 bankruptcy petition in November 2018. She had about \$60,000 in financial delinquencies discharged in February 2019. These delinquencies included significant medical debts. She claimed that she filed bankruptcy because of a job loss that led to her unemployment for about eight months between 2017 and 2018. (Items 2, 4-8, 10; FORM Response)

Applicant settled other delinquent accounts, including three credit-card accounts originally owned by the same creditor. The 2024 credit report reflects a combined balance of about \$1,600 on these three accounts. She provided documents, including bank account statements from June 2025 and July 2025, that evidenced payments she made. These July 2025 bank statements show that the bank account from which these payments were drawn temporarily had a negative balance when she made some of these payments. She provided documents showing that several accounts not listed in the SOR were removed from her credit report. The documents do not provide a reason that the accounts were removed. (Items 2, 7; FORM Response)

## **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;
- (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.

Substantial evidence establishes that Applicant began having financial delinquencies by 2018 and filed for bankruptcy protection. She failed to timely file her federal and state income tax returns for tax years 2021, 2022, and 2023, as required. By June 2023, she was again behind on her financial obligations. She had 11 delinquent consumer accounts totaling about \$20,000. 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;
- (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;
- (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; 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.

The Appeal Board in ISCR Case No. 10-04641 (App. Bd. Sept. 24, 2013) explained Applicant's responsibility for proving the applicability of mitigating conditions as follows:

Once a concern arises regarding an Applicant's security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. See *Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. See Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in

*Egan, supra.* “Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security.” Directive, Enclosure 2 ¶ 2(b).

AG ¶ 20(a) does not apply. “It is also well established that an applicant’s ongoing, unpaid debts demonstrate a continuing course of conduct and can be viewed as recent for purposes of the Guideline F mitigating conditions.” ISCR Case No. 22-02226 at 2 (App. Bd. Oct. 27, 2023) (citing ISCR Case No. 15-06532 at 3 (App. Bd. Feb. 16, 2017)). 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). While she provided documentation to show that she has made some payments on some of her SOR and non-SOR debts, there is insufficient evidence that her financial problems are behind her. She still has not adequately addressed most of her SOR debts. While she filed her delinquent federal and state income tax returns (and her 2024 income tax returns), she has not provided sufficient evidence that she is resolving her delinquent federal and state income taxes. Finally, her evidence of payment on non-SOR debts in July 2025 reflected a negative bank account balance, which leads me to question her financial stability.

AG ¶ 20(b) partially applies to Applicant’s bankruptcy filing and her delinquent debts, but not to her failure to timely file her income tax returns. Unemployment, underemployment, and a marriage separation, which were circumstances largely beyond her control, led to her bankruptcy filing and her delinquent debts. However, she provided insufficient evidence to show that her failure to file her income tax returns for three years was beyond her control. For AG ¶ 20(b) to fully apply to her non-tax-related issues, she must also show that she acted responsibly under the circumstances. Hiring a debt consolidation company was a step in the right direction. However, her lack of progress on addressing her delinquencies through meaningful payments despite claiming that she has been able to afford to pay them leads me to find that she has not met her burden. Admitting two debts in her answer (SOR ¶¶ 1.h and 1.k) and then later disputing them for reasons that are not adequately supported through explanation or documents is also not acting responsibly with respect to those debts. Finally, while filing a petition in Chapter 7 bankruptcy to discharge debts is a legal option available to address financial delinquencies, it does not show financial responsibility or good faith.

AG ¶ 20(c) partially applies. Applicant has sought financial counseling from a company to which the DOD referred her. However, as I indicated in my analysis of AG ¶ 20(a), her financial issues are ongoing and are not under control.

AG ¶ 20(d) partially applies, but only to the debts that Applicant is resolving. “[U]ntil an applicant has a meaningful financial track record, it cannot be said as a matter of law that [s]he has initiated a good-faith effort to repay overdue creditors or otherwise resolved debts. The phrase ‘meaningful track record’ necessarily includes evidence of actual debt reduction through payment on debts.” ISCR Case No. 22-02226 at 2 (App. Bd. Oct. 27, 2023) (citing ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007)). Appellant provided evidence that she has made some payments on three SOR accounts and some non-SOR accounts. However, these payments are insubstantial in relation to her overall

delinquencies. She also has not provided sufficient evidence that she is resolving her federal and state income tax delinquencies.

AG ¶ 20(e) is not applicable. While Applicant arguably disputes two of the SOR debts (SOR ¶¶ 1.h and 1.k) and her tax debts, she did not provide sufficient evidence to support her theories as to why she no longer owes those debts. Her base allegation that she turned in secured collateral, without more, is not a reasonable basis to dispute a debt because returning secured collateral does not automatically extinguish the underlying debt. Likewise, her recent and unsubstantiated assertion that her estranged husband owes her delinquent taxes is not a reasonable basis to dispute her tax debt.

AG ¶ 20(g) is applicable to Applicant filing her late federal and state income tax returns. However, the evidence also shows that she now owes delinquent federal and state taxes. There is insufficient evidence that she has an arrangement with the IRS or the state taxation authority to pay those taxes or that those entities have acknowledged that the taxes are owed by Applicant's estranged husband.

### **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.

While some of the mitigating factors are partially applicable, I find their limited applicability insufficient to overcome the questions about her judgment and reliability that her remaining financial delinquencies raise. Given her lack of resolution of most of her financial delinquencies, including her delinquent income taxes, which are a basic civic obligation, I am not convinced that she has righted her financial ship. I conclude Applicant did not mitigate 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: AGAINST APPLICANT

Subparagraphs 1.a-1.m: 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