



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 25-00440

Appearances

For Government: Brian Farrell, Esq., Department Counsel
For Applicant: *Pro se*

01/12/2026

Decision

FOREMAN, LeRoy F., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Clearance is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on June 6, 2024. On May 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 (Exec. Or.) 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) promulgated in Security Executive Agent Directive 4, *National Security Adjudicative Guidelines* (December 10, 2016), which became effective on June 8, 2017.

Applicant answered the SOR on May 22, 2025, and requested a hearing before an administrative judge. Department Counsel was ready to proceed on June 6, 2025. The case was assigned to me on September 9, 2025. On September 24, 2025, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled to be conducted by video teleconference on October 17, 2025. The hearing was cancelled when all administrative judges were furloughed from October 1 to November 2012, during a federal government shutdown due to a lapse in federal funding. On December 3, 2025, DOHA notified Applicant that her hearing was rescheduled for December 15, 2025. I convened the hearing as rescheduled. Government Exhibits 1 through 8 were admitted in evidence without objection. Applicant testified but did not present the testimony of any other witnesses or submit any documentary evidence. I kept the record open until January 5, 2025, to enable her to submit documentary evidence. She timely submitted Applicant's Exhibits A through D, which were admitted without objection. DOHA received the hearing transcript on December 29, 2025

Findings of Fact

In Applicant's answer to the SOR, she admitted all the allegations in the SOR. Her admissions are incorporated in my findings of fact.

Applicant is a 42-year-old security officer employed by a defense contractor. She was working full time until June 2024, when she left this full-time job because it required her to carry a firearm. She continued working part time as a security officer for another defense contractor. Since October 2024, she has been on call to work at various locations, as needed. She has never married. She has a 10-year-old son who has been living with his father for the past six months. (Tr. 18) She received a security clearance in August 2023.

In May 2024, Applicant was working full time, earning \$30 per hour. (AX A) In December 2025, she was earning only \$18 per hour as a part-time employee. (AX B) She had received a notice to vacate her apartment from her landlord and was living in an extended-stay motel, paying \$593 per two-week rental. (AX D)

SOR ¶ 1.a alleges that Applicant filed a Chapter 7 bankruptcy in March 2014. She was unemployed at the time. Her petition reflected assets of \$12,000 and liabilities of \$55,802, including student loans totaling \$31,477. (GX 7) Her debts were discharged in July 2014. The discharge order includes the usual listing of debts that are not discharged, including "most student loans." Her most recent credit report, dated March 14, 2025, reflects numerous student loans which are listed as "pays as agreed." In August 2025, she hired an attorney to file another Chapter 7 bankruptcy petition. (AX C)

In response to DCSA interrogatories in March 2025 and in response to the SOR, Applicant admitted the debts alleged in SOR ¶¶ 1.b, 1.c, and 1.d, but she provided no information showing how they were incurred or what actions she was taking to resolve them. The evidence concerning these debts is summarized below.

SOR ¶ 1.b: insurance company debt for \$170 referred for collection. Applicant provided no information about this debt in her response to interrogatories, her answer to the SOR, or at the hearing. It is not resolved.

SOR ¶ 1.c: deficiency after voluntary repossession of an automobile, charged off for \$6,437. This vehicle was repossessed in 2020. Applicant has not attempted to contact the creditor. She intends to include this debt in her Chapter 7 bankruptcy petition. (Tr. 35-36)

SOR ¶ 1.d: deficiency of \$15,264 after repossession of an automobile. Applicant testified that this debt arose when the vehicle was repossessed in 2018. She testified that she called the creditor one time and made an agreement to pay \$120 per month, but she did not follow through with the agreement. She plans to include this debt in her Chapter 7 bankruptcy petition. (Tr. 31-35)

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.” *Id.* 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.” Exec. Or. 10865 § 2.

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, 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.” Exec. Or. 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. See *Egan* at 531. Substantial evidence is “such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all the contrary evidence in the same record.” See ISCR Case No. 17-04166 at 3 (App. Bd. Mar. 21, 2019). It is “less than the weight of the evidence, and the possibility of drawing two inconsistent conclusions from the evidence does not prevent [a Judge’s] finding from being supported by substantial evidence.” *Consolo v. Federal Maritime Comm’n*, 383 U.S. 607, 620 (1966). “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. See 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 his 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* at 531.

Analysis

Guideline F, Financial Considerations

The security 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. . . .

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. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Applicant’s admissions and the evidence submitted at the hearing establish the following disqualifying conditions under this guideline:

AG ¶ 19(a): inability to satisfy debts;

AG ¶ 19(b): unwillingness to satisfy debts regardless of the ability to do so;
and

AG ¶ 19(c): a history of not meeting financial obligations.

The following mitigating conditions are relevant:

AG ¶ 20(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;

AG ¶ 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;

AG ¶ 20(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; and

AG ¶ 20(d): the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

AG ¶ 20(a) is not established. Applicant's delinquent debts are numerous and ongoing. They were not incurred under circumstances making them unlikely to recur.

AG ¶ 20(b) is not established. Applicant left a full-time job because she did not desire to carry a weapon. Her reason for leaving the job was not a condition beyond her control. She admitted at the hearing that she has not acted responsibly toward her creditors.

AG ¶ 20(c) is not established. Applicant would have been required by the bankruptcy court in 2014 to obtain financial counseling. She testified that she intends to file a Chapter 7 bankruptcy at some time in the future. However, she has not shown that her financial problems are now being resolved or under control.

AG ¶ 20(d) is not established. Applicant has not demonstrated a good-faith effort to pay her creditors. To the contrary, she is relying on bankruptcy to avoid paying them.

Whole-Person Analysis

Under AG ¶ 2(c), the ultimate determination of whether to grant a security clearance must be an overall commonsense judgment based upon careful consideration

of the guidelines and the whole-person concept. An administrative judge must evaluate an applicant's security eligibility by considering the totality of the applicant's conduct and all the relevant circumstances. 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 applied the adjudicative factors in AG ¶ 2(d). Applicant was candid and sincere at the hearing, but she demonstrated no concern about paying her creditors. Her only concern was to avoid paying them. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concerns raised by her delinquent debts.

Formal Findings

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F (Financial Considerations): AGAINST APPLICANT

Subparagraphs 1.a-1.d:

Against Applicant

Conclusion

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

LeRoy F. Foreman
Administrative Judge