



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 24-02166

Appearances

For Government: Cassie Ford, Esq., Department Counsel
For Applicant: *Pro se*

01/23/2026

Decision

HYAMS, Ross D., Administrative Judge:

Applicant failed to mitigate the financial considerations security concerns arising from her delinquent debt. Eligibility for access to classified information is denied.

Statement of the Case

On December 31, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant answered the SOR on January 15, 2025, and requested a hearing before an administrative judge. The case was assigned to me on August 26, 2025.

The hearing in this case was delayed when all administrative judges were furloughed from October 1 through November 12, 2025, during a federal government shutdown due to a lapse in federal funding.

The hearing convened on December 12, 2025. Department Counsel submitted Government Exhibits (GE) 1-8, which were admitted in evidence without objection. Applicant did not submit any documentation at the hearing. After the hearing concluded,

I held the record open two weeks to allow her to submit documentation. She timely submitted Applicant's exhibits (AE) A-C, which were admitted without objection.

Findings of Fact

Applicant admitted all the SOR allegations with explanation. Her admissions are incorporated into the findings of fact. Based on my review of the pleadings, evidence submitted, and testimony, I make the following findings of fact.

Applicant is 49 years old. She works as a customer service agent. She has been married since 2001. She was previously married from 1994-1999. She has three adult children, and one adult stepson. She graduated from high school in 1994 and earned an associate certificate in 2014. (Tr. 14-21; GE 1)

Applicant attributed her financial problems to her husband's work injury and subsequent disability. He was the main provider in the family until he broke his back at work in about 2012. After the injury, he could not work and relied on medication to manage his pain. She reported it took three years to get him state disability payments. During those three years they accrued delinquent debt and took loans from family members, which they resolved and repaid after they received his settlement in about 2015. He is now considered permanently disabled. (Tr. 22-53)

Over the last 15 years, Applicant has been working low paying jobs and had periods of unemployment, including: three months in 2019, a year in 2020-2021, and a year in 2023-2024. About six months ago, they moved from State A to State B to reduce their monthly expenses and be closer to family. They have lived in a camper in both locations to reduce their monthly expenses. (Tr. 22-53)

In addition to her husband's disability, Applicant has had fibromyalgia since 2012, and her medications have cost her about \$200 monthly over the last few years. She also pays about \$300 monthly for medical insurance, and \$70 copays at the doctor. They receive food assistance from the state and limit the number of meals they eat in a day to stretch their weekly food supplies. (Tr. 22-53)

Applicant reported that her son reduced her husband's disability benefits, by working too many hours as a minor, and it created a \$4,000 deduction that is being taken from her husband's monthly checks. Her other son had rented their former home in State A, and did not pay the bills he was responsible for, which created more financial issues for them. (Tr. 22-53)

Under Guideline F, the SOR allegations are as follows:

SOR ¶¶ 1.a-1.b allege Applicant is indebted to the Internal Revenue Service (IRS) for delinquent taxes totaling \$10,313 for tax years 2022 and 2023. She stated she had to take loans from her 401(k) retirement savings account, which caused the tax liabilities.

She provided an installment agreement with the IRS showing that she has been making monthly payments of \$150 since November 2024. She paid \$1,478 through August 2025. (Tr. 22-73; GE 2; AE A)

SOR ¶ 1.c alleges Applicant is indebted to State A for delinquent taxes, totaling \$1,988, for tax year 2022. She reported that this debt is not paid and she plans to repay this debt once her federal tax debt is resolved. (Tr. 22-73; GE 2)

SOR ¶ 1.d alleges a credit card account charged off for \$1,997. Applicant stated she has not made payments on this debt. A bankruptcy attorney told her to seek settlement offers from the creditors, for a lower repayment amount, starting in January 2026. (Tr. 22-73; GE 2, 3, 4)

SOR ¶ 1.e alleges a judgement against Applicant for \$1,158. Applicant claims this debt was paid, and she submitted a check from the creditor for \$55. This check demonstrates that Applicant overpaid this debt and the balance was returned to her by the creditor. This debt is resolved. (Tr. 22-73; GE 5; GE 2, 3, 4; AE B)

SOR ¶ 1.f alleges a credit card account placed for collection for \$964. Applicant stated she has not made payments on this debt. A bankruptcy attorney told her to seek settlement offers from the creditors, for a lower repayment amount, starting in January 2026. (Tr. 22-73; GE 2, 3, 4)

SOR ¶ 1.g alleges a utility account charged off for \$654. Applicant stated her son was renting her former house in State A and was responsible for this bill. She still maintains it is his responsibility to resolve. This debt remains unpaid. (Tr. 22-73; GE 2, 3, 4)

SOR ¶ 1.h alleges a car loan account past due for \$608. Applicant reported the car was repossessed in March 2025 because she was 60 days past due. She had to get a different car. This debt remains unresolved. (Tr. 22-73; GE 2, 3, 4)

SOR ¶ 1.i alleges a credit card account charged off for \$544. Applicant reported that she paid the account and wanted the card closed. She claimed she later received a bill for \$25 for no reason. She does not know where the \$544 balance comes from and disputes this debt. She did not provide documentation supporting her claims. (Tr. 22-73; GE 2, 3, 4)

SOR ¶ 1.j alleges unpaid property taxes owed for \$535. Applicant reported that while renting their house in State A, her son received the bill and did not give it to her. She claimed this debt was paid in September 2025. However, she did not provide documentation showing that it was resolved. (Tr. 22-73; GE 2, 3, 4)

SOR ¶ 1.k alleges an insurance account placed for collection for \$433. Applicant did not recognize this debt, and it remains unresolved. (Tr. 22-73; GE 2, 3, 4)

SOR ¶ 1.l alleges a credit card account placed for collection for \$361. Applicant did not recognize this debt, and it remains unresolved. (Tr. 22-73; GE 2, 3, 4)

SOR ¶ 1.m alleges Applicant filed a Chapter 7 Bankruptcy in 1999, which was discharged in 2000. Applicant reported her first husband fraudulently took out car loans and credit cards in her name, spent wildly, and did not repay the debt. She had to file bankruptcy after their divorce was finalized. She does not know the amount discharged through this bankruptcy. (Tr. 22-73; GE 6)

Applicant keeps a budget, and she submitted a copy showing that her monthly expenses are \$470 greater than her current monthly income. This budget did not include any debt repayments. She stated she periodically checks her credit report for fraud. She has not had credit counseling. She reported she and her husband recently spoke to a bankruptcy attorney, but they are ineligible to file for a few more years. Her December 2025 credit report shows several new delinquent debts, which she acknowledged. During her testimony, she had a difficult time recalling dates, and stated her medication can impact her memory. (Tr. 22-73; GE 8; AE C)

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 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.

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).

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

- (a) inability to satisfy debts;
- (c) 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.

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;
- (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.

For some of her debts, the conditions that resulted in the financial problems were largely beyond Applicant's control. These conditions have impacted not only her ability to resolve these delinquent debts, but also to provide for her family's monthly living expenses. She provided evidence of past responsible behavior, by resolving debt after her husband received his disability settlement in 2015. However, she did not submit sufficient evidence of more recent responsible behavior to resolve all the concerns about her finances.

Applicant has a plan to resolve her outstanding tax debts, but an insufficient plan to resolve her remaining delinquent debt. Considering her currently monthly expenses exceed her income by \$470, she would not be able to establish repayment at this time. The debts are recent, not isolated, and ongoing. I cannot find the problem is being resolved or under control, or that she has a reasonable basis to dispute the legitimacy of the debts.

Applicant has a compelling story and explanation about her finances. She and her husband have taken steps needed to maintain their daily, weekly, and monthly living and medical necessities. However, insufficient evidence was presented to find that there would be a significant change to their finances and ability to resolve debt, even if a security clearance was granted. While I am sympathetic to Applicant's story and circumstances, and there is no reason to doubt her loyalty or patriotism, it is necessary to ensure that granting any individual a security clearance is consistent with the national interest. Considering all the facts and concerns in this case, I cannot find that standard has been met.

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.

I conclude that Applicant has not mitigated the financial considerations security concerns. This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for eligibility for access to classified information in the future.

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.b:	For Applicant
Subparagraphs 1.c-1.d:	Against Applicant
Subparagraph 1.e:	For Applicant
Subparagraphs 1.f-1.l:	Against Applicant
Subparagraph 1.m:	For Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant a security clearance. Eligibility for access to classified information is denied.

Ross D. Hyams
Administrative Judge