



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



In the matter of:)	
)	
)	ISCR Case No. 24-01578
)	
Applicant for Security Clearance)	

Appearances

For Government: Sakeena Farhath, Esq., Department Counsel
For Applicant: *Pro se*

02/05/2026

Decision

BENSON, Pamela C., Administrative Judge:

Applicant has not been able to responsibly address the delinquent debt she accumulated and has failed to establish a meaningful track record of repayments. Under these circumstances, she failed to mitigate the financial considerations security concerns. Her application for a security clearance is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on August 2, 2023. On January 2, 2025, the Department of Defense (DOD) issued her a Statement of Reasons (SOR) alleging security concerns under Guideline F (financial considerations). The DOD acted under Executive Order (Exec. Or.) 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 implemented by the DOD on June 8, 2017.

Applicant answered the SOR on February 12, 2025, and she requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge. I was assigned this case on July 18, 2025. DOHA issued a notice on August 5, 2025, scheduling the hearing for August 27, 2025. The hearing proceeded as scheduled via online video teleconferencing.

Department Counsel submitted Government Exhibits (GE) 1 through 6; Applicant testified and offered two documents, which I labeled as Applicant Exhibits (AE) A and B; and all the exhibits were admitted into evidence without objection. I held the record open until September 27, 2025, in the event Applicant wanted to supplement the record. She timely submitted three documents labeled AE C, D, and E, which were admitted into evidence without objection. DOHA received the hearing transcript (Tr.) on September 4, 2025. This decision 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.

Findings of Fact

Applicant is 50 years old. She enlisted in the U. S. Air Force in December 1995. In August 1996, she received a general discharge under honorable conditions. Her rank at that time was E-2. She was married in May 2024, and she does not have any children. In 2023, she was sponsored by a DOD contractor (A) with an employment offer conditioned upon her obtaining final security clearance eligibility. Applicant was granted an interim security clearance, but that did not satisfy her sponsor's employment condition. After waiting about nine months, Applicant was hired a different DOD contractor (B) in about September 2024, and this employer stated that she could start work with her current interim security clearance. She became unemployed in May 2025, however, after her interim security clearance was withdrawn due to the issuance of the SOR. DOD contractor B continues to sponsor Applicant for a security clearance. Her annual salary at DOD contractor B was \$101,000. Her spouse is retired and earns approximately \$4,288 per month. (Tr. 18-20, 23, 29, 31; GE 1; AE C)

Financial Considerations

Applicant admits four delinquent debts totaling \$22,212, as alleged in the SOR. She denied SOR ¶ 1.b in the amount of \$15,708. The debts are also established by four credit reports ranging from August 2023 to August 2025. (GE 3, 4, 5, 6)

Applicant explained in her Answer that her financial problems developed in about 2018 after her mother was diagnosed with dementia, and she moved her elderly mother and her husband to a condo in another state. In 2019, Applicant purchased a car. Her family home (where her mother had resided) also went into foreclosure that year. The home was more than 80 years old and needed extensive repairs. Applicant won the home in an auction and used a 401K FHA reconstruction loan to make extensive repairs on the house. Construction was supposed to take three months total, but then the pandemic hit the United States. Applicant had to move to another residence while the construction was

taking place. She did not return to the home for three years due to the construction not being completed. She stated that the construction team disappeared with the remaining construction money, and that ultimately FHA reimbursed her the funds to have the construction completed. This caused her to experience financial problems. Unexpected family obligations and her recent periods of unemployment only worsened the situation. She was unemployed from about April 2023 to September 2024, and she was unemployed after her interim security clearance was cancelled in May 2025 to at least the date of the hearing. She does not have any money saved for emergencies. When she was working from September 2024 to May 2025, it was her intention to repay all of her delinquent creditors. Now that she is unemployed, she is unable to follow this plan. (Answer; GE 1; Tr. 18-20, 24, 33-35, 50-51, 75, 79)

Applicant hired a consumer credit service in May 2024 to help her resolve her debts by disputing delinquent accounts and “cleaning up [her] credit.” She had payment plans set up with at least one delinquent creditor. She paid about \$350 a month for the consumer credit service, but she had to stop all payments when she lost her employment in May 2025. (Tr. 53-59)

SOR ¶ 1.a alleges Applicant is indebted for a car loan account charged off as a bad debt in the approximate amount of \$19,130. During the hearing, Applicant admitted she returned her car to an unknown company in May 2023. The company closed during the COVID pandemic, and the car dealership never received the car to place into auction. Applicant is not currently paying this account, and this debt remains unresolved. (Tr. 40, 52-53, 61-68; GE 5)

SOR ¶ 1.b alleges Applicant is indebted for unpaid rent on a lease agreement she had co-signed for a relative. She testified at the hearing that she is disputing this debt. She claimed there was a moratorium in effect during the pandemic that proclaimed tenants did not have to pay rent during the pandemic. She has made no attempt to communicate with this creditor to establish a payment plan. She did not submit documented proof to substantiate the moratorium. This debt is unresolved. (Tr. 68-73; GE 5)

SOR ¶ 1.c alleges Applicant is indebted on a tuition account from a state university that has been placed for collection by the creditor in the approximate amount of \$1,804. Applicant explained that at the current time she is unable to pay this account, and this debt remains unresolved. (Tr. 73-75; GE 5)

SOR ¶ 1.d alleges Applicant is indebted to a federal credit union for an account that has been charged off in the approximate amount of \$378. Applicant had made payments on this account through her consumer credit counseling service, which previously had an outstanding balance of \$678, but she stopped payment when she became unemployed in May 2025. This debt is not yet resolved. (Tr. 74-75; GE 3, 5)

SOR ¶ 1.e alleges Applicant is indebted for a credit-card account charged off as a bad debt in the approximate amount of \$600. She admitted in her Answer that she closed

this credit card in 2020. She also said that she had “been making consistent payments” on this account, and she expected to make the final payment in April 2025. The delinquent balance of \$600 was reported in all four on her credit reports ranging from August 2023 through August 2025. There is no evidence corroborating her claimed payments. This debt remains unresolved. (Answer; GE 5)

Applicant submitted a Personal Financial Statement (PFS) while the record was held open. She is currently unemployed and not receiving any unemployment benefits, so her spouse is the sole source of income on the PFS. His monthly net income is about \$4,288, which includes his retirement and income he earns as a guitar player. Their monthly expenses total about \$3,300, and their monthly financial obligations total about \$3,326. Their monthly net remainder is -\$2,338. (AE C, D)

Other delinquent accounts were discussed with Applicant during the hearing. These delinquent debts were not alleged in the SOR but were listed in her most recent credit report. Applicant admitted that the account with her timeshare is delinquent in the amount of about \$694. She also has Department of Education loans totaling about \$26,000 that are at least 180 days past due. She had one credit-card account 90 days past due in the amount of \$142, and another credit card charged off as a bad debt in the approximate amount of \$468. (GE 6; Tr. 77-78)

Applicant admitted that she had not recently filed her state and federal income tax returns because she assumed she would owe tax money that she could not pay at this time. She claimed, however, that she was not delinquent with the tax-filing requirement because she had up to three years to file her income taxes, and filing an extension was not necessary. (This information is not correct. Individuals have up to three years to collect their tax refunds after a delinquent filing.) This information was not alleged under Guideline F. (Tr. 78)

Any adverse information not alleged in the SOR will not be considered for disqualification purposes but may be considered for purposes of mitigation and whole-person analysis.

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*, 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. 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*, 484 U.S. at 531.

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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

The following disqualifying conditions are applicable in AG ¶ 19:

- (a) inability to satisfy debts; and
- (c) a history of not meeting financial obligations.

Applicant's debts are documented in her credit reports and established by admissions in her Answer. The above disqualifying conditions apply.

The following mitigating conditions are potentially applicable in 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;
- (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; and
- (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.

Applicant's financial debts totaling about \$38,000 are longstanding, ongoing, and recent. Although she had suffered circumstances beyond her control that adversely impacted her finances, I did not find sufficient evidence that she took responsible action

to resolve her indebtedness. She worked for her employer for about eight months making a six-figure salary. She reduced only one of the five SOR accounts by \$300. She has not established a track record of financial responsibility or regular, consistent payments. Although she had claimed, in her Answer, she was doing just that with the debt alleged in SOR ¶ 1.e, the evidence does not support her claim. AG ¶ 20(d) partially applies, but the remaining mitigating conditions do not.

One of the first principles learned in financial counseling is to contact overdue creditors and initiate a negotiation process for repayment in addition to learning other tools to restore financial responsibility. Applicant has demonstrated an inability to pay her debts as well as a history of not doing so. There is no evidence in the record to show her communications with her delinquent creditors, or that her finances are improving or under control. Applicant failed to mitigate the financial considerations security concerns.

Whole-Person Concept

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. In applying the whole-person concept, an 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. 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.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of true reform and rehabilitation necessary to be eligible for a security clearance. The determination of an individual's eligibility and suitability for a security clearance is not a once in a lifetime occurrence, but is based on applying the factors, both disqualifying and mitigating, to the evidence presented. Under Applicant's current circumstances, a clearance is not warranted. In the future, she may well demonstrate persuasive evidence of her security worthiness.

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.

