



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



In the matter of: )  
)  
) ISCR Case No. 25-01005  
)  
Applicant for Security Clearance )

**Appearances**

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

02/11/2026

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**Decision**

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HALE, Charles C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations) and Guideline E (Personal Conduct). The Guideline E concerns were withdrawn. The Guideline F security concerns were mitigated. Eligibility for access to classified information is granted.

**Statement of the Case**

Applicant submitted a security clearance application (SCA) on June 3, 2024. On July 24, 2025, the Department of Defense (DoD) sent him a Statement of Reasons (SOR) alleging security concerns under Guidelines F and E. 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 (AG) promulgated in Security Executive Agent Directive 4, National Security Adjudicative Guidelines (June 8, 2017).

Applicant answered the SOR on August 5, 2025, and requested a decision on the written record without a hearing. Department Counsel submitted the Government's written case on September 30, 2025. On October 7, 2025, a complete copy of the file of relevant material (FORM) was sent to Applicant, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the Government's evidence. She acknowledged receipt of the FORM on October 22, 2025, and provided a Response. The case was assigned to me on February 2, 2026.

The SOR and Answer, Government Exhibits (GE) 1 and 2, as well as Applicant's Response are the pleadings in the case. GE 3 through 8 are admitted into evidence without objection. Applicant provided documents with her Answer, which will be cited as GE 2 and the unnumbered documents she provided with her Response will be cited as "RE" and page number referenced will be based on the pdf file page number.

### **Findings of Fact**

Applicant is 38 years old. She is a high school graduate. She has never married. She has four children ages 21, 20, 18, and 4. She is applying for her first security clearance. She works as lab support management for her sponsor. (GE 3; GE 8.)

### **Guideline F**

**SOR ¶¶ 1.a - 1.o:** Applicant admits the fifteen alleged financial delinquencies totaling approximately \$22,000, which are supported by credit reports the Government submitted. (GE 5-7.) She cites during her interview with a DoD investigator in July 2024; in response to December 2024 Government interrogatories; and in her August 2025 Answer that the reason she fell behind on her accounts and had to "max out all credit cards" was due to her pregnancy in 2021. She went on disability in October 2021 and remained on disability for four months, after giving birth to her daughter in November 2021. She notes, "debt is still financially hard to pay as a single mother working two jobs." (Answer; GE 4 at 8; GE 8 at 2, 4.) In her Response to the FORM she states:

I [Applicant] admit to the debt in my name and take full responsibility of this debt. I realize it's taking longer than intended to pay. Due to financial hardship. I am trying my best to maintain bills with very little left over for debt. I have since taken a withdraw[al] from my 401k to pay some debt in full. I have paid [SOR ¶ 1.m] in the full amount of \$364.70 on 10/23/2025. I have also settled the debt with [SOR ¶ 1.l] and paid in full [the] amount of \$348.09 on 10/23/2025. I plan to pay in full the settlement amount of \$231.86 for debt with [SOR ¶ 1.k] on or by December 31, 2025. In regard to the debt with [unalleged creditor] for the amount of \$576, I was informed by phone [on] 10/23/2025 this debt should be removed from [my] credit report. Please see letter and proof attached for all debt listed above. I have also included those accounts that have been closed and written off with a history of exceptional payment history with on time never late payments. (RE at 1.)

According to a November 2025 credit report card that Applicant obtained from her credit union, her credit score was 552. Her total balance was over \$23,000 with 12 derogatory matters being reported. (RE at 2.) She worked as security specialist from November 2023 to the present. She worked as parts coordinator from February 2022 to April 2024. Prior to her pregnancy she had worked as a scheduling coordinator from April 2014 to December 2022. She has typically worked two jobs. The financial statement prepared as part of her response to Government interrogatories shows her net monthly income as \$5,595; her net monthly expenses are \$5,200; and her net monthly remainder as \$395. Her credit history does not reflect any noteworthy financial issues until after her 2021 pregnancy. She filed a claim of identity theft over an unalleged debt referenced in her Response. The debt appears on the June 2025 credit report submitted by the Government as charged off in May 2025. The creditor resolved her identity theft claim in her favor per their October 2024 letter. (GE 3 at 9-11; GE 4 at 11; GE 5; GE 6 at 4; RE at 24.)

SOR ¶ 1.a, is a charged off account for \$9,489. According to Applicant's November 2025 credit report, it is listed as 29% paid off with a last activity date as April 30, 2024. The debt arose from a new car that required an engine replacement that was not covered by warranty due to car being 3,000 miles out of warranty. It was repossessed by the dealer, and she intends to work on setting up a payment plan by January 1, 2026, to pay off the debt. This debt is unresolved. (Answer; RE at 4.)

SOR ¶ 1.b is a credit card account placed for collection in the approximate amount of \$1,795. In Applicant's Answer she stated the debt was under a payment plan. She provided a payment plan, which shows a biweekly payment schedule with the first payment of \$39.90 on June 13, 2025. Her payment plan shows 3 of 47 payments have been made. She opened the credit card during maternity leave in 2021 when she was having "financial hardship paying bills on a 75% of disability income." (Answer; GE 2 at 4.) June 2024 credit report submitted by the Government shows the debt as being disputed by Applicant, with the notation "consumer dispute following resolution." (GE 5 at 2.) This debt is being resolved.

SOR ¶ 1.c is a delinquent debt that has been charged off in the approximate amount of \$1,038. In Applicant's Answer she admits to owing \$925. She states she had set up a "payment arrangement," which will begin in May 2026. (Answer.) Her November 2025 credit report shows a zero current balance, with 0% paid off, and last activity date of April of January 2023. (RE at 4.) Her June 2024 credit report shows the debt as "charge off – making payments." (GE 5 at 5.) June 2025 credit report submitted by the Government shows the same creditor with a reduced debt amount, with the notation "consumer dispute following resolution." (GE 6 at 6.) This debt is being resolved.

SOR ¶¶ 1.d and 1.e are medical accounts placed for collection in the identical amount of \$991. Applicant admits the debts but states she is no longer responsible for either debt because neither debt appears on her credit report. Both debts arose from emergency room visits when she did not have "medical coverage." She has asked for both debts to be removed in accordance with a state statute. (Answer.) These debts are

unresolved.

SOR ¶ 1.f is an account placed for collection by a bank in the approximate amount of \$957. In Applicant's Answer she stated the debt arose from a credit card she had opened while on maternity leave in 2021. She stated she "was having financial hardship paying bills on a 75% of disability." She plans to start a payment plan in May 2026. Her November 2025 credit report shows the account was opened in January 2022, with a last activity date in October 2022, and in a closed status. The June 2025 credit report credit report submitted by the Government shows the debt as being disputed by Applicant. (GE 6 at 3.) The credit limit was \$700. (Answer; RE at 6.) This debt is unresolved.

SOR ¶¶ 1.g and 1.j are accounts placed for collection by the same creditor in the amounts of \$899 and \$718 respectively. The SOR ¶ 1.j balance amount in GE 5 and GE 6 is \$747 and GE 7, the July 2025 credit report submitted by the Government shows the balance as \$718, with \$747 as the original amount. (GE 5 at 4; GE 6 at 4; GE 7 at 3.) The June 2025 credit report submitted by the Government shows SOR ¶ 1.j as being disputed by Applicant. (GE 6 at 4.) Her scheduled payments began June 20, 2025, with biweekly payments of \$14.37, with a next payment date of August 15, 2025. The payments are scheduled through June 4, 2027. (GE 2 at 8-13.) Applicant intends to start making payments on SOR ¶ 1.g after she completes the payment plan she established for SOR ¶ 1.j. (Answer.) The June 2024 credit report submitted by the Government shows the SOR ¶ 1.g account as being disputed by Applicant. (GE 5 at 3.) SOR ¶ 1.g is unresolved and SOR ¶ 1.j is being resolved.

SOR ¶ 1.h is a credit card account placed for collection by a bank in the approximate amount of \$957. In Applicant's Answer she submitted a letter to the various credit agencies titled *Dispute of Unauthorized Credit Inquiry and/or Furnishing of Information under 15 U.S.C. § 1681*. She disputed the apartment's inquiry without her "written authorization." (GE 2 at 17.) The June and July 2025 credit reports submitted by the Government show the debt as being disputed by Applicant. (GE 6 at 3; GE 7 at 4.) This debt is unresolved.

SOR ¶ 1.i is an account is an account placed for collection by a bank in the approximate amount of \$748. In Applicant's Answer she stated the debt arose from a credit card she had opened while on maternity leave in 2021. She stated she "was having financial hardship paying bills on a 75% of disability." She plans to start a payment plan in May 2026. Her November 2025 credit report shows the account was opened in January 2022, with a last activity date in November 2022, and in a closed status. The credit limit was \$500. The account shows a \$0 balance, with no percentage of credit utilization. (Answer; RE at 6.) This debt is resolved.

SOR ¶ 1.k is a credit card account placed for collection in the approximate amount of \$515. In Applicant's Answer she submitted a letter to the various credit agencies titled *Dispute of Unauthorized Credit Inquiry and/or Furnishing of Information under 15 U.S.C. § 1681*. She disputed the inquiry without her "written authorization." The Government's June 2024 credit report shows the account as being disputed by Applicant. With her

Response she annotated an October 2025 credit report with a handwritten notation that she had been informed on October 28, 2025, that the account could be settled for \$231.86. She wrote, “will pay on or by December 31, 2025.” (GE 4 at 4; GE 2 at 18; RE at 21.) The June 2024 and July 2025 credit reports submitted by the Government show the debt as being disputed by Applicant. (GE 5 at 4; GE 7 at 4.) This debt is being resolved.

SOR ¶ 1.l is an account placed for collection by a car insurance company in the approximate amount of \$409. In Applicant’s Answer she states she plans on “disputing debt due to unauthorized Credit Inquiry and or Furnishing information under 15 U.S.C. 1681.” She included the letter to the various credit agencies titled *Dispute of Unauthorized Credit Inquiry and/or Furnishing of Information under 15 U.S.C. § 1681*. With her Response she annotated an October 2025 credit report with a handwritten notation that the debt was settled for \$348 and paid in full on October 23, 2025. She provided website screenshots reflecting the settlement and payment. (GE 2 at 19; RE at 15-17.) This debt is resolved.

SOR ¶ 1.m is an account that has been charged off in the amount of \$364. Applicant states in her Answer she will work on setting up a payment plan by July 2026. (Answer.) On an October 2025 credit report, which she provided with her Response, she annotates this debt with a note that it was paid in full on October 23, 2025. She attached an email receipt confirming the agreement. Her November 2025 credit report shows a \$0 balance and a last activity date of October 24, 2025. (RE at 18-19, 20.) This debt is resolved.

SOR ¶¶ 1.n and 1.o are education related debts for \$4,833 and \$2,331 respectively. Applicant states in her Answer she has brought both accounts to a current status as of August 5, 2025, and that she “will continue to make on time monthly payments to stay in good standings.” An August 5, 2025 letter included with Answer from the creditor servicing these two Federal student loans states her loans are in good standing and that her monthly payment of \$102 will be “due on the 1<sup>st</sup> of every month.” The October 2025 credit report she submitted with her Response supports her Answer and that she had made her payments on time. Both accounts show status as “open/never late.” (Answer; GE 2 at 15-16; RE at 10-11.) This debt is being resolved and in good standing.

### **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.

Applicant's debts are documented in her credit reports and security clearance interview. The following disqualifying conditions are applicable in AG ¶ 19:

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

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.

A security clearance adjudication is not a debt-collection procedure. It is a procedure designed to evaluate an applicant's judgment, reliability, and trustworthiness.

Applicants are not required to be debt-free to qualify for a security clearance. All that is required is that an applicant act responsibly given his or her circumstances and develop a reasonable plan for repayment, accompanied by actions which evidence a serious intent to effectuate the plan. There is no requirement that an applicant make payments on all delinquent debts simultaneously, nor is there a requirement that the debts alleged in the SOR be paid first. See ISCR Case No. 23-01434 at 2-3 (App. Bd. May 7, 2024).

AG ¶ 20(a) is partially established. Applicant's delinquent debts arose from her pregnancy in 2021 and are numerous, and ongoing, and her actions in 2025 are recent and appear reactive to her security clearance application. In ISCR Case No. 24-01994 at 2 (App. Bd. Aug. 12, 2025), the Appeal Board stated:

It is well-settled that the timing of debt resolution efforts is an important factor in evaluating mitigation “because an applicant who begins to resolve financial problems only after being placed on notice that his clearance was in jeopardy may lack the judgment and self-discipline to follow rules and regulations over time or when there is no immediate threat to his own interests.” ISCR Case No. 15-06440 at 4 (App. Bd. Dec. 26, 2017). Moreover, until an applicant has a “meaningful financial track record,” it cannot be said “that he has initiated a good-faith effort to repay overdue creditors or otherwise resolve debts.” ISCR Case No. 01-21386 at 2 (App. Bd. Jun. 11, 2003).

Even though she has addressed a number of her debts, her late action raises some concern for her current reliability, trustworthiness, and judgment.

AG ¶¶ 20(b) and 20(d) are established. Applicant's 2021 pregnancy is a mitigating condition largely beyond her control. She provided evidence to support her assertions that she incurred this debt during the period she was unable to work or work to the extent she would have prior to her pregnancy. She provided evidence she had resolved six debts and was resolving three others. She has her student loans in good standing. She initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts. Her work to resolve the debts and avoid significant new debt was consistent with the limited income reflected on her financial statement. Given her financial situation Applicant acted responsibly under the circumstances.

AG ¶ 20(e) is partially established. Applicant did not develop the record sufficiently regarding the disputes reflected in the evidence to establish that her disputes were reasonable.

Applicant does not present a perfect case in mitigation, but perfection is not required. She developed a plan to resolve her delinquent debt, and she will continue to do so, or she will lose her security clearance. Under the circumstances of this case, I find that her finances no longer generate security concerns about her judgment, reliability, trustworthiness, and ability to protect classified information. The financial considerations security concerns are mitigated.

## **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.

I have incorporated my comments under Guidelines F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). Because Applicant requested a determination on the record without a hearing, I had no opportunity to evaluate her credibility and sincerity based on demeanor. See ISCR Case No. 01-12350 at 3-4 (App. Bd. Jul. 23, 2003). 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 mitigated the concerns raised by her financial considerations.

### **Formal Findings**

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

|                           |               |
|---------------------------|---------------|
| Paragraph 1, Guideline F: | FOR APPLICANT |
| Subparagraphs 1.a – 1.o:  | For Applicant |

### **Conclusion**

I conclude that it is clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is granted.

Charles C. Hale  
Administrative Judge