



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



In the matter of:)
)
) ISCR Case No. 25-00072
)
Applicant for Security Clearance)

Appearances

For Government:
John Renehan, Esquire, Department Counsel

For Applicant:
Pro se

03/10/2026

Decision

ROSS, Wilford H., Administrative Judge:

Applicant mitigated the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

On February 28, 2025, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. The action was taken 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) implemented by the DOD on June 8, 2017.

Applicant responded to the SOR in writing (Answer) on June 6, 2025, including Answer Exhibits A through J, L and M, O and P, and requested a hearing before an administrative judge. The case was assigned to me on August 4, 2025. The case was originally set for November 5, 2025, but was cancelled 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 Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on November 18, 2025. I convened the hearing as scheduled on December 16, 2025. The Government offered Government Exhibits 1 through 7, which were admitted without objection. Applicant testified on her own behalf and submitted Applicant Hearing Exhibits A through K. Applicant Exhibits were identified for the record. Applicant's exhibits were all admitted without objection. She asked that the record remain open for the receipt of additional documentation. She timely submitted Applicant Post-Hearing Exhibits A and B, which were also admitted without objection. DOHA received the transcript of the hearing (Tr.) on December 29, 2025. The record closed on January 10, 2026

Findings of Fact

Applicant is 37 years old, single, and has two children. She is a high school graduate. She is employed by a defense contractor as a scheduler for a base family support center of an armed service. She has held this job since February 2024. This is her first application for national security eligibility. (Government Exhibit 1 at Sections 12, 15, and 18, Exhibit 2 at 1-2; Tr. 27-28.)

Paragraph 1 (Guideline F, Financial Considerations)

The Government alleges in this paragraph that Applicant is ineligible for clearance because she is financially overextended and therefore potentially unreliable, untrustworthy, or at risk of having to engage in illegal acts to generate funds. Applicant admitted all the allegations under this guideline with clarifications.

Based on the available documentary evidence Applicant is alleged to owe approximately \$22,866 in past-due or charged-off debts. The Government provided credit reports of Applicant dated February 2, 2024; August 20, 2024; and July 8, 2025, supporting the existence of the debts. (Government Exhibits 5, 6, and 7.) The debts were admitted by Applicant in her responses in Section 26 of her Electronic Questionnaire for

Investigations Processing, dated January 30, 2024. (Government Exhibit 1.) The existence of the debts is supported by admissions of Applicant in responses to interrogatories dated November 26, 2024. (Government Exhibit 3.) The existence of the debts is also supported by her admissions to an authorized investigator from the Office of Personnel Management during an interview on May 10, 2024, and May 16, 2024. (Government Exhibit 2.)

Applicant states that she had issues paying her past-due debts due to several reasons starting about 2020. She stated that she lost her job due to the Covid pandemic and was unemployed for several months. Applicant had a child in 2022 and was on disability for several months after the birth. She also moved to an apartment in 2023 that had much higher rent. Applicant also admitted to being financially irresponsible when she was younger. (Tr. 32-33, 42-44, 49-50, 56-60, 76.)

Starting in late 2023 Applicant began working to resolve her debts, realizing it was necessary if she wanted to buy a house. She first began with a credit repair person. This person would file disputes with the credit reporting firms. (Applicant Answer Exhibit O; Tr. 83, 86.)

Applicant began working for the family support center in early 2024. She soon decided to take advantage of the financial counseling available through the armed service. She worked with a financial advisor recommended by the family support center. He worked with her to “educate her on some options that could help her manage, and pay off her debt.” He helped her create a personalized budget that she is following. (Applicant Answer Exhibit P; Applicant Hearing Exhibit D; Tr. 26, 50-51, 60-61.)

Applicant has continued to educate herself about financial health by taking several online courses. Based on the education she received Applicant paid off all of her credit cards and stopped using them. She now uses a debit card or cash. Applicant maintains a budget and is confident that she can pay her bills within four years or less. (Applicant Hearing Exhibits B, C, E, F, J, and K; Tr. 76-80)

Applicant resolved her small debts by herself. In 2024 she began working with a debt resolution firm to resolve her three largest debts, as set forth in SOR 1.a, 1.g, and 1.k. The current status of the debts alleged in the SOR is as follows:

1.a. Applicant admitted that she owed a creditor \$6,089 for a past-due debt. She worked with a debt resolution company and made a payment arrangement with the creditor. The amount owed was reduced to \$2,736. She has been making consistent monthly payments of \$228 since June 2025 to pay that amount. This debt is being

resolved. (Applicant Answer Exhibits A and G; Applicant Hearing Exhibit A; Applicant Post-Hearing Exhibit A; Tr. 40-49.)

1.b. Applicant admitted that she owed a creditor \$450 for a past-due debt. She made a payment arrangement with a debt collection firm and paid this account on February 19, 2025, as confirmed by documentation from the creditor. This is before the SOR was issued in this case. This debt is resolved. (Applicant Answer Exhibit B; Tr. 50-52.)

1.c. Applicant admitted that she owed a creditor \$385 for a past-due debt. She made a payment arrangement with a debt collection firm and paid this account on February 24, 2025, as confirmed by documentation from the creditor. This is before the SOR was issued in this case. This debt has been resolved. (Government Exhibit 3 at 20; Applicant Answer Exhibit C; Tr. 52-53.)

1.d. Applicant admitted that she owed a creditor \$358 for a past-due debt. She made a payment arrangement with a debt collection firm and paid this account on April 29, 2025, as confirmed by documentation from the creditor. This debt has been resolved. (Applicant Answer Exhibit D; Tr. 52-55.)

1.e. Applicant admitted that she owed a creditor \$196 for a past-due debt. She made a payment arrangement with the creditor and paid this account on September 13, 2024, as confirmed by documentation from the creditor. This is before the SOR was issued in this case. This debt has been resolved. (Applicant Answer Exhibit E; Tr. 55-56.)

1.f. Applicant admitted that she owed a creditor \$149 for a past-due debt. She made a payment arrangement with a debt collection firm and paid this account on February 24, 2025, as confirmed by documentation from the creditor. This is before the SOR was issued in this case. This debt has been resolved. (Government Exhibit 7 at 4; Applicant Answer Exhibit F; Tr. 56-58.)

1.g. Applicant admitted that she owed a creditor \$9,872 for a charged-off debt. This debt is one of three being resolved by her debt resolution firm, as confirmed by documentation from the firm. This debt is being resolved through negotiation. (Applicant Answer Exhibit G; Tr. 58-64.)

1.h. Applicant admitted the allegation that she owed this creditor \$467 for a past-due debt. She disputed the debt and the creditor determined that she was not responsible for the debt. The creditor had the debt removed from her credit reports. This debt is resolved by means of dispute. (Applicant Answer Exhibit H; Tr. 64.)

1.i. Applicant admitted that she owed a creditor \$334 for a past-due debt. She made a payment arrangement with a debt collection firm and paid this account on June 18, 2025, as confirmed by documentation from the creditor. This debt has been resolved. (Applicant Answer Exhibit I; Tr. 66-67.)

1.j. Applicant admitted that she owed a creditor \$104 for a past-due debt. She made a payment arrangement with a debt collection firm and paid this account on June 20, 2025, as confirmed by documentation from the creditor. This debt has been resolved. (Applicant Answer Exhibit J; Applicant Post-Hearing Exhibit B; Tr. 67-68.)

1.k. Applicant admitted that she owed a creditor \$3,242 for a charged-off debt. This debt is one of three being resolved by her debt resolution firm, as confirmed by documentation from the firm. This debt is being resolved through negotiation. (Applicant Answer Exhibit G; Tr. 58-59, 62, 68-70.)

1.l. Applicant admitted that she owed a creditor \$244 for a past-due debt. She made a payment arrangement with a debt collection firm and paid this account in March 2025, as confirmed by documentation from the creditor. This debt has been resolved. (Applicant Answer Exhibit L; Tr. 70.)

1.m. Applicant admitted that she owed a creditor \$976 for a past-due debt. She made a payment arrangement with a debt collection firm and paid this account on February 14, 2025, as confirmed by documentation from the creditor. This is before issuance of the SOR. This debt has been resolved. (Applicant Answer Exhibit M; Tr. 71-72.)

1.n. Applicant admitted filing for Chapter 7 bankruptcy relief in May 2012. The bankruptcy record shows that there were no objections to discharging any of the debts. She received a discharge in bankruptcy in August 2012. She has not filed for bankruptcy since that time. This bankruptcy was a singular incident and has no continuing security significance. (Government Exhibit 4; Tr. 72-75.)

Mitigation

A co-worker of Applicant submitted a letter on her behalf stating, “[Applicant] is an invaluable asset whose contributions have strengthened our service to the service members and their families.” (Applicant Hearing Exhibit I.)

Policies

When evaluating an applicant's national security eligibility for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines (AG) list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's national security eligibility.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with the factors listed in AG ¶ 2 describing the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. The entire process is a conscientious scrutiny of applicable guidelines in the context 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, "Any doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security." In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to 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, and has the ultimate burden of persuasion as to obtaining a favorable clearance 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 national security eligibility. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified or sensitive information. Finally, as emphasized in Section 7 of Executive Order 10865, "Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned."

See *also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

Analysis

Paragraph 1 (Guideline F, Financial Considerations)

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

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.

AG ¶ 19 describes two conditions that could raise security concerns and may be disqualifying in this case:

- (a) inability to satisfy debts; and

- (c) a history of not meeting financial obligations.

Applicant was alleged to have thirteen delinquent debts totaling approximately \$22,866 that she had not paid. She also filed for Chapter 7 bankruptcy protection in 2012. AG ¶¶ 19(a) and (c) apply. The burden thereby shifts to Applicant to mitigate the adverse inference of her delinquent debts.

The guideline includes five conditions in AG ¶ 20 that could mitigate the security concerns arising from Applicant's alleged financial difficulties:

- (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, or 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; 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 had financial issues for several years. They were the result of job loss, Covid, living in a high-cost area with two children, and admitted poor budgeting and overspending on her part. Starting in 2023 Applicant began working with a credit repair service and then a debt resolution firm. With their help she received budget training, established a budget, came up with a reasonable payment plan, and began executing that plan. Evidence has been submitted showing that nine of the debts in the SOR have been paid. One other debt is currently being paid through the debt resolution firm. One debt was removed from her credit report after she filed a dispute. Two debts are in line to be resolved by the debt resolution company. Her substantial and proven conduct shows that she will continue to resolve her indebtedness in accordance with her plan. AG ¶¶ 20(a), (b), (c), (d), and (e) apply to those debts.

In support of these findings, I cite the Appeal Board's decision in ISCR Case No. 07-06482 at 3 (App. Bd. May 21, 2008) for the proposition that the adjudicative guidelines do not require that an applicant be debt-free. The Board's guidance for adjudications in cases such as this is the following:

. . . an applicant is not required, as a matter of law, to establish that he has paid off each and every debt listed in the SOR. All that is required is that an applicant demonstrate that he has established a plan to resolve his financial problems and taken significant actions to implement that plan. The Judge can reasonably consider the entirety of an applicant's financial

situation and his actions in evaluating the extent to which that applicant's plan for the reduction of his outstanding indebtedness is credible and realistic. There is no requirement that a plan provide for payments on all outstanding debts simultaneously. Rather, a reasonable plan (and concomitant conduct) may provide for the payments of such debts one at a time. (Internal citations and quotation marks omitted.)

Based on all of the available evidence, Applicant has mitigated the security concerns of this guideline.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility 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 national security 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 pertinent facts and circumstances surrounding this case. Applicant has fully mitigated the security concerns of her financial conduct. As stated elsewhere in this decision, and supported by the evidence, Applicant works hard at her job. She has also worked hard to resolve her financial situation. Such financial difficulties should not occur in the future. Her conduct has earned her the privilege of being granted national security eligibility. Paragraph 1 is found for Applicant.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	FOR APPLICANT
Subparagraphs 1.a through 1.n:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant or continue Applicant's national security eligibility for a security clearance. Eligibility for access to classified information is granted.

WILFORD H. ROSS
Administrative Judge