



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



In the matter of: )  
)  
) ISCR Case No. 25-01092  
)  
Applicant for Security Clearance )

**Appearances**

For Government: William Miller, Esq., Department Counsel  
For Applicant: *Pro se*

03/10/2026

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**Decision**

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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 March 3, 2025. On September 9, 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 September 24, 2025, and requested a hearing before an administrative judge. Department Counsel was ready to proceed on November 25, 2025. The case was assigned to me on January 6, 2026. On January 23, 2026, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled to be conducted by video teleconference on February 9, 2026. I convened the hearing as scheduled. Government Exhibits (GX) 1 through 8 were admitted in evidence without objection. Applicant testified but did not present the testimony of any other witnesses and did not present any documentary evidence. I kept the record open until February 25, 2026, to enable her to submit documentary evidence. She did not submit any documentary evidence. DOHA received the transcript of the hearing on February 24, 2026. The record closed on February 25, 2026.

### **Findings of Fact**

In Applicant's answer to the SOR, she admitted the allegations in SOR ¶¶ 1.a, 1.b, and 1.e through 1.h. She denied the allegations in SOR ¶¶ 1.c and 1.d. Her admissions are incorporated in my findings of fact.

Applicant is a 50-year-old employee of a defense contractor. She graduated from high school in June 1993. She served on active duty in the U.S. Army from October 2001 to June 2002 and received an honorable discharge for medical reasons after she was injured during training. She has worked for federal contractors from September 2017 to July 2021 and from September 2021 to the present. Her March 2025 SCA reflects that she received a security clearance most recently in May 2022. In her interview with a security investigator in January 2022, she stated that she received a security clearance and eligibility for access to sensitive compartmented information (SCI) in 2004 or 2005. (GX 3 at 21)

Applicant married in October 2008 and separated in 2019. She testified that she and her husband are living apart and are not on speaking terms. She testified that she contacted her husband on the day before the hearing about some of the delinquent debts, but that they are unable to have a civil conversation. (Tr. 15, 33)

Applicant's March 2025 SCA (GX 2) reflects that she was employed by a federal contractor from February 2010 to January 2017, unemployed from January 2017 to November 2018, employed by a non-government employer from November 2018 to January 2019, unemployed from January to March 2019, employed by a federal contractor from April to September 2019, and employed by another federal contractor from September 2019 to July 2021, when she was fired for what she characterized as a false accusation that she had missed meetings. She was unemployed from July to September 2021 and hired by a federal contractor from October 2022 to January 2025, when she was "released from the contract."

In an interview with a security investigator in July 2025, Applicant explained that she was released from the contract in January 2025 after a co-worker falsely complained that she had threatened her, and her employer released her from the contract without investigating the complaint. Applicant told the investigator that she was notified of her

release from the contract by email and promised that she would be placed on another contract, but it did not happen. Applicant also told the investigator that she was placed on a performance improvement plan for 30 days after she repeatedly left her common access card (CAC) in the reader when she left her desk.

Applicant's March 2025 SCA reflects that Applicant was hired by her current employer in February 2025. However, she testified at the hearing that she was unemployed until she began working for her current employer in October 2025. (Tr. 16-18)

While Applicant was employed by a federal contractor from October 2022 to January 2025, she earned about \$135,000 per year. (Tr. 18) While employed by another federal contractor from September 2019 to July 2021, she earned about \$145,000 per year. (Tr. 22) In her current job, she earns about \$800 per week. (Tr. 17)

The SOR alleges five delinquent consumer and utility debts (SOR ¶¶ 1.a-1.e), failure to file federal income tax returns for tax years 2019 through 2024 (SOR ¶ 1.f), failure to file state income tax returns for tax years 2019 through 2024 (SOR ¶ 1.g), and failure to file a state income tax return for another state in 2021 (SOR ¶ 1.h). The evidence concerning the debts alleged in the SOR is summarized below.

**SOR ¶ 1.a: home improvement loan charged off for \$73,692.** Applicant admitted this debt in her answer to the SOR. She testified that this loan was obtained by her husband without her knowledge, and she was listed as a cosigner. It is reflected in a credit report from August 2025. (GX 7 at 1) She testified that her husband's involvement with this debt caused their separation. She discovered the debt in 2019 when she applied to renew her clearance. She has taken no action to dispute or resolve this debt. She testified that she received no funds from this loan and no improvements to the home were made. She and her husband sold the home in 2020 after her husband lost his job. (Tr. 25) She has never disputed this debt with the creditor or any of the credit bureaus. (Tr. 37).

The debt is not reflected in a February 2026 credit report. (GX 8) However, the fact that a debt no longer appears on a credit report ordinarily does not establish any meaningful, independent evidence as to the disposition of the debt. See ISCR Case No. 18-01250 at 2 (App. Bd. Feb. 13, 2019).

**SOR ¶ 1.b: automobile loan charged off for \$2,357.** Applicant admitted this debt in her answer to the SOR. She testified that this loan was for an automobile that was totaled in an accident. The debt is reflected in credit reports from August 2025 and February 2026. (GX 7; GX 8) She did not have gap insurance to cover the difference between the value of the automobile and the amount of the loan. She is waiting for the creditor to contact her. She has taken no action to resolve the debt. (Tr. 26-27)

**SOR ¶ 1.c: utility bill placed for collection of \$232.** Applicant denied this debt in her answer to the SOR. It is reflected in an August 2025 credit report. (GX 7) Applicant testified that she was living in a rental property when this debt was incurred and her rent

included utilities. She was unable to produce her rental agreement reflecting the owner's responsibility for utilities. She testified that her records had been placed in storage, that her storage unit had been sold because she could not afford to pay the rental fee, and that her personal records in the storage unit were lost. (Tr. 28) She testified that she intends to resolve this debt. (Tr. 30) It is not resolved.

**SOR ¶ 1.d: utility bill placed for collection of \$243.** Applicant denied this debt in her answer to the SOR. It is reflected in the March 2025 credit report. (GX 6) She testified that she called the creditor and the collection agency without success, because the account number on the credit report is not correct. She has not disputed the debt with the original creditor, the collection agency, or any of the credit bureaus. She testified that she intends to resolve this debt. (Tr. 29-30) It is not resolved.

**SOR ¶ 1.e: automobile loan charged off for \$8,140.** Applicant denied this debt in her answer to the SOR. It is reflected in a November 2021 credit report. (GX 5) She testified that it was a joint debt, but it was for her husband's automobile. She admitted that she was aware of the debt in 2019, when the vehicle was repossessed. When she responded to interrogatories in August 2025, she stated that she intended to pay the debt "once I'm fully back at work." (GX 3 at 31) It is not resolved.

**SOR ¶¶ 1.f, 1.g, and 1.h. Failure to file federal and state tax returns for 2019 through 2024.** Applicant admitted these allegations. Her failures to file are reflected in her responses to interrogatories and federal tax transcripts for 2019, 2020, and 2021. (GX 3) In her response to interrogatories, she stated that she could not afford to hire a tax professional to file her returns. (GX 3 at 29) At the hearing, she testified that she did not consider filing her tax returns herself because she is afraid to do so. She testified, "My parents did it once and they ended up owing so much money." (Tr. 34) She testified that many of her financial records were lost when a storage unit that she had rented was sold because she could not afford to pay the rental fee. (Tr. 49) She testified that she was not particularly concerned about a tax debt because she has never owed taxes for any tax year. (Tr. 41) She has taken no action to file the past-due returns.

Applicant was notified in May 2022 that her delinquent debts, including the debts alleged in SOR ¶¶ 1.a and 1.e, raised concerns about her continued access to SCI. She testified at the hearing that she did not remember the notification. However, she acknowledged the letter in writing on May 4, 2022. (GX 4 at 2)

In addition to the loans alleged in the SOR, Applicant has borrowed about \$8,000 from friends. She testified that she intends to repay them. (Tr. 36) She had taken no action on these loans as of the date the record closed.

Applicant is currently employed by a cleaning service. She requires a security clearance to enter secure areas. She has been living in an apartment for about two months. She received assistance in finding a place to live from a veterans' organization. (Tr. 14) Before moving into the apartment, she was living in her car. (Tr. 36-37)

Applicant has never sought financial counseling. However, the veterans' assistance program requires her to participate in financial counseling, and her current employer also provides financial counseling. (Tr. 47)

### **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. . . . 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 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(c): a history of not meeting financial obligations; and

AG ¶ 19(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.

The following mitigating conditions are potentially applicable:

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;

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

AG ¶ 20(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

AG ¶ 20(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.

AG ¶ 20(a) is not established. Applicant's delinquent debts are recent and numerous. She was unemployed and homeless for about eight months immediately preceding the hearing, but she had several years of employment after the debts were incurred, during which she was earning a substantial salary.

AG ¶ 20(b) is not established. Applicant testified to several events beyond her control. She claimed that her husband fraudulently listed her as a co-signer on a home improvement loan. Her automobile was totaled in an accident, and she was underinsured. She claimed that she was wrongfully terminated from employment in January 2025. However, she submitted no evidence of responsible conduct. She has not disputed the debts she claimed to be fraudulent. She has not sought financial counseling. She has not contacted her creditors about payment arrangements or settlements. She submitted no evidence of efforts to resolve her debts.

AG ¶ 20(c) is not established. Applicant has not sought financial counseling until required to do so as a condition of assistance from a veterans' organization, but there is no evidence that her debts are being resolved or under control.

AG ¶ 20(d) is not established. Applicant submitted no evidence of good-faith efforts to repay or otherwise resolve her delinquent debts.

AG ¶ 20(e) is not established. Applicant has not disputed any of her debts with the creditors, collection agencies, or credit bureaus.

AG ¶ 20(g) is not established. Applicant has taken no action to resolve her past-due federal and state tax returns.

### **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). After weighing the disqualifying and mitigating conditions under that guideline 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 and failures to timely file her federal and state income tax returns.

### **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.h:

Against Applicant

## **Conclusion**

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

LeRoy F. Foreman  
Administrative Judge