



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



In the matter of: )  
)  
) ISCR Case No. 25-01183  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Cynthia Ruckno, Esq., Department Counsel  
For Applicant: *Pro se*

03/20/2026

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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). Eligibility for access to classified information is granted.

**Statement of the Case**

On September 29, 2025, the Department of War (DoW) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F, financial considerations, explaining why it was unable to find it clearly consistent with the national interest to grant security clearance eligibility. The DoW took the action under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the National Adjudicative Guidelines (AG) effective for any adjudication made on or after June 8, 2017.

On October 13, 2025, Applicant answered the SOR and admitted all allegations. She requested a decision based on the administrative (written) record in lieu of a hearing. On December 19, 2025, Department Counsel prepared a File of Relevant Material

(FORM), setting forth the Government's arguments against Applicant's security clearance worthiness, which included an amendment to correct a scribe's error to the value of SOR ¶ 1.a . The FORM contains eight attachments, identified as Government Exhibits (GE) 1 through GE 8. Applicant's enclosure (AE) included with her Answer will be referenced as AE A.

Applicant received a copy of the FORM on January 6, 2026. She was given 30 days to file a response to file objections and submit material to refute, extenuate, or mitigate the security concerns. She did not file a response. The case was assigned to me on March 2, 2026. GE 1 (SOR) and GE 2 (Answer) are pleadings in the case. GE 3 through GE 8 and AE A are admitted without objection.

### **Findings of Fact**

Applicant is a 61-year-old materials specialist. She is seeking her first security clearance. She has worked for her sponsor since October 2024. She has been married for over 35 years and has adult children. Her security clearance application lists one child, a daughter, and the debt associated with SOR ¶ 1.a was described in her security clearance interview as being associated with a son. (GE 3; GE 8.)

Applicant's delinquent debt totals just over \$60,000. In her Answer, she admits all six allegations, and the allegations are supported by credit reports offered by the Government. (GE 4-7.) Over \$36,000 of the alleged debt arises from a car loan, which she cosigned with her son, SOR ¶ 1.a. She provided evidence with her Answer of her efforts to resolve the delinquencies through a debt relief consolidation company, [DRC], which she had contracted with in January 2024. (AE A.)

Applicant completed her security clearance application on October 31, 2024. In her Answer, in her December 2024 security clearance interview, and in response to Government interrogatories, she explained that her financial delinquencies began when her husband became "seriously ill" and was out of work for about a year starting around October 2023. As a result, they acquired a lot of medical and dental bills. Her husband was on state medical insurance because he did not have health insurance through his employer. They had to pay out of pocket whenever he went to the doctor. (Answer; GE 7 at 10; GE 8.)

Applicant, in her Answer, acknowledges managing their current debt has become increasingly difficult. She discussed her debt consolidation plan with DRC with the investigator and provided correspondence from DRC dated June 16, 2025, stating that On January 23, 2024, Applicant enrolled six debts, totaling approximately \$20,164, with the DRC, including SOR 1.c. and 1.d. The letter notes she has been making regular monthly deposits to the program in the amount of \$260. Two SOR debts are listed in the letter as enrolled but not in a payment plan as of the letter. As of June 2025, she had paid one debt in full, settled a second debt, and had active payment plans on two of the enrolled debts. (AE A; GE 7; GE 8.) Her DRC dashboard shows \$11,914 of active debt

with \$8,249 being showing as resolved. GE 7 appears to be the DRC document referenced as being attached to GE 8. (GE 7 at 5; GE 8 at 5.)

SOR ¶ 1.a, a car loan that was charged off in the approximate amount of \$36,175. Applicant signed for her son on this car loan, and in the Answer, she states he was not able to make the payments because they “were [too] large for him to make. Car is still in son's possession.” As of the Answer, Applicant and her son were aware the car could be repossessed at any time. (Answer; GE 6 at 3; GE 8 at 3.) This debt is not enrolled with DRC and is not resolved.

SOR ¶ 1.b, a debt to a credit union that was charged off in the approximate amount of \$12,369. Applicant stated in her Answer the debt was a loan for her personal car. She told the investigator that she intended enroll this debt with DRC, but none of the DRC paperwork in the record show it as enrolled. This debt is not resolved. (Answer; GE 5 at 2; GE 8 at 5.)

SOR ¶ 1.c, a debt to a credit union for a credit card that was charged off in the approximate amount of \$6,682. As of the date of this Statement of Reasons, the account remains delinquent. Applicant states this debt was enrolled with DRC. The DRC dashboard shows the debt enrolled. This debt is being resolved. (GE 6 at 3; GE 7; AE A; GE 8 at 3.)

SOR ¶ 1.d, a debt to a credit union for a credit card that was charged off in the approximate amount of \$4,037. As of the date of this Statement of Reasons, the account remains delinquent. Applicant states this debt was enrolled with DRC. The DRC dashboard shows the debt enrolled. This debt is being resolved. (GE 7; AE A; GE 6 at 4; GE 8 at 3.)

SOR ¶ 1.e, medical debt placed for collection in the approximate amount of \$1,082. Applicant, in her Answer, states she needs to contact the creditor to start a payment plan. The August 2025 credit report lists the balance as \$1,282 with this creditor. This debt is not resolved. (Answer; GE 5 at 3.)

SOR ¶ 1.f, a delinquent cellular account placed for collection in the approximate amount of \$302. Applicant states she missed this bill when she switched carriers. This debt is not resolved (Answer; GE 6 at 6; GE 8 at 4.)

When her financial difficulties arose, Applicant enrolled many of her debts with DRC months before beginning the security clearance application process. The credit reports and DRC documents show some of these debts are currently being repaid, and she has lowered her overall delinquent debt amount. A number of those debts enrolled with DRC are not listed in the SOR. The SOR contains four debts that are either not enrolled in the program or have not been entered into a repayment plan. (GE 7; Answer; AE A.)

Applicant stated in her interview that in 2024 she withdrew over \$11,000 from her 401k, and she and her husband bought reasonable cars that were good on gas with the money. She listed a 2023 trip to Mexico on her security clearance application. (GE 1; GE 8.)

## 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 security clearance interview. 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;

(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.

AG ¶¶ 20(a) and 20(b) are established. Applicant's delinquent debts are numerous and recent and with the exception of her son's car were incurred under circumstances beyond her control and are unlikely to recur. When her husband became ill, the family experienced a loss of his income; the expenses associated with his illness; and Applicant at the time being in a lower paying job, which triggered Applicant's delinquencies. Prior to her husband's illness, she was maintaining her payments on her debts. She took action to regain control of her financial situation by hiring DRC in January 2024, well before the security clearance application process. She has been making regular payments to DRC since that time. Her actions reflect her current reliability, trustworthiness, and good judgment, and that she has acted responsibly under the circumstances.

AG ¶ 20(c) is not established. Applicant employed a debt-relief firm to assist her debts but did not provide evidence of any type of financial counseling contemplated by this mitigating condition.

AG ¶ 20(d) is established. Applicant provided substantial evidence that she was active in resolving her debts prior to completing her SCA on October 31, 2024, which reflects her good judgment and demonstrates her reliability. See ISCR Case No. 16-01211 (App. Bd. May 30, 2018). In January 2024, she initiated and has adhered to a good-faith effort to repay overdue creditors or otherwise resolve debts through DRC. The record reflects she is resolving and/or maintaining her payments on her other financial obligations. In this case, the evidence demonstrates a good-faith effort to resolve her debts and provides clear indications that her financial problems are being resolved.

Applicants bear the burden of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his or her debt-resolution efforts or required to be debt-free. "Rather, all that is required is that an applicant act responsibly

given his circumstances and develop a reasonable plan for repayment, accompanied by 'concomitant conduct,' that is, actions which evidence a serious intent to effectuate the plan." ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017). See, e.g., ISCR Case No. 13-00987 at 3, n. 5 (App. Bd. Aug. 14, 2014). Applicant does not present a perfect case in mitigation, but perfection is not required. She has demonstrated a plan to resolve her delinquent debt and has documented that she was engaged in her finances prior to submitting her security clearance application. She acknowledges the challenges she faces with her financial situation, and the record supports that she will continue to address her financial situation, 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.

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 have incorporated my comments under Guideline F in my whole-person analysis. Overall, the record evidence leaves me without questions or doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant mitigated the financial considerations security concerns.

## **Formal Findings**

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

Paragraph 1, Guideline F:

For APPLICANT

Subparagraphs 1.a-1.f:

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