



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



In the matter of:)
)
) ISCR Case No. 25-00487
)
Applicant for Security Clearance)

Appearances

For Government: Cassie Ford, Esq., Department Counsel
For Applicant: *Pro se*

04/09/2026

Decision

NAGEL, Jeff A., Administrative Judge:

Applicant did not mitigate the Guideline F (Financial Considerations) security concerns. Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on May 8, 2025, in connection with her employment in the defense industry. On August 5, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (Financial Considerations). The action was taken under Executive Order 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 adjudicative guidelines (AG) effective within the Department of Defense on June 8, 2017.

Applicant answered the SOR in writing (Answer) on August 14, 2025, and requested a hearing before an administrative judge. The department counsel was prepared to proceed on December 12, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on January 13, 2026.

The case was re-assigned to me on February 23, 2026. I convened the hearing as scheduled on March 13, 2026. The Government called no witnesses and submitted Government Exhibits (GE) 1 through 6, which I admitted into evidence without objection. Applicant testified on her own behalf, called no witnesses, and requested that the record remain open until March 27, 2026 to provide post-hearing exhibits. The record closed with no post-hearing exhibits being provided by either party. DOHA received the electronic transcript of the hearing (TR) on April 1, 2026

Findings of Fact

Applicant is a 37-year-old employee of a defense contractor. She is a single mother of two children, and her ex-husband does not provide any child or spousal support. Applicant has a Bachelor of Science degree in Public Health and has worked for her current employer for the last six years. This is her first time applying for security clearance. She volunteered to apply for one since her employer needed someone in the security department to have a security clearance and no one else volunteered. Tr. at 15-17, 60-62, GE 1

Applicants' financial problems stem by and large from her divorce and her having ADHD. Her ex-husband, who was the breadwinner of the family, ended up providing no support to her or her children. Applicant was left having to take care of all her family's expenses, to include her children's healthcare coverage, by herself. Tr. at 42, 43, 46, 48, 49-52

The SOR alleges that Applicant failed to file, as required, her federal income tax return for tax year 2021. In addition to the unfiled income tax return, the SOR alleges twenty-one delinquent debts consisting of charge-offs and collections totaling approximately \$18,000. Applicant is considering using the services of AmeriCorps, a debt consolidation company, to help address her financial concerns and will be talking to a debt specialist as soon as possible. Applicant testified that she already has an "agreement" with them, and they will be helping her on eight accounts. When she executes the contract, she will pay them \$68 every two weeks, and they will escrow \$4,800 before they start negotiations and payments. The Applicant did not provide her agreement or any other documentation that could be seen as extenuating or mitigating. Tr. at 55-57

SOR Allegations:

1.a. Applicant failed to file, as required, a federal income tax return for the tax year 2021. Applicant failed to file on time since she experienced hardships, such as her divorce from her ex-husband who was the family's primary breadwinner. She was left with the bills and was busy trying to catch up on late bills. She hired a tax advisor with the intent of fulfilling her obligation and first attempted to file this return in April 2025, but it was returned. She attempted to re-file it numerous times and each time it was returned for a different reason. Every time she updated the information as requested by the IRS, and re-filed, she was attempting to fulfil her intent. She has done everything

she could, albeit late to live up to her obligation and continues to try and refile this return. I found Applicant to be honest and truthful, and I am convinced that she has learned a valuable and costly lesson, about filing all future tax returns on time. Tr. at 19-23

1.b. Applicant has a debt on a student loan that has been placed for collection in the approximate amount of \$4,999.00. She first learned of this debt during her security clearance interview and set up an installment plan to pay it. Applicant made a few monthly payments as agreed and then was no longer able to do so. Since then, she has taken little or no action on it. Tr. 27-29, GE 2,3

1.c. Applicant has a debt on a credit card that has been charged off in the approximate amount of \$2,500.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 30, 58, GE 2

1.d. Applicant has a debt on a credit card that has been placed for collection in the approximate amount of \$2,464.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 32, 33, 58, GE 2

1.e. Applicant has a debt on a credit card that has been charged off in the approximate amount of \$700.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 33, 58, GE 2

1.f. Applicant has a debt on a credit card that has been charged off in the approximate amount of \$500.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 31, 32, 58, GE 2

1.g. Applicant has a debt on a credit card that has been placed for collection in the approximate amount of \$851.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 33, 34, 58, GE 2

1.h. Applicant has a debt on a payday loan that has been placed for collection in the approximate amount of \$760.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 34, 58, GE 2

1.i. Applicant has a debt on a credit card that has been charged off in the approximate amount of \$400.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 35, 36, 58, GE 2

1.j. Applicant has a debt on an account that has been charged off in the approximate amount of \$329.00. Applicant is unsure if this was on a credit card or not but admitted to this debt and has taken little or no action on it. Tr. at 36, 37, 58, GE 2

1.k. Applicant has a debt on a payday loan that has been placed for collection in the approximate amount of \$497.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 37, 58, GE 2

1.l. Applicant has a debt on a credit card that has been charged off in the approximate amount of \$300.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 35, 36, 58, GE 2

1.m. Applicant has a debt to a pay later installment service that has been charged off in the approximate amount of \$444.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 37-39, 58, GE 2

1.n. Applicant has a debt on a personal loan that has been charged off in the approximate amount of \$317.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 39, 58, GE 2

1.o. Applicant has a debt to a “pay later installment contract” that has been charged off in the approximate amount of \$429.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 37-39, 58, GE 2

1.p. Applicant has a debt on a credit card account that has been placed for collection in the approximate amount of \$284.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 32, 33, 58, GE 2

1.q. Applicant has a debt to a “pay later installment contract” that has been charged off in the approximate amount of \$371.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 37-39, 58, GE 2

1.r. Applicant has a debt to a “pay later installment contract” that has been charged off in the approximate amount of \$445.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 37-39, 58, GE 2

1.s. Applicant has a debt on a credit card account that has been charged off in the approximate amount of \$400.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 40, 58, GE 2

1.t. Applicant has a debt to a “pay later installment contract” that has been charged off in the approximate amount of \$389.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 37-39, 58, GE 2

1.u. Applicant has a debt to a “pay later installment contract” that has been charged off in the approximate amount of \$605.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 37-39, 58, GE 2

1.v. Applicant has a debt to a “pay later installment contract” that has been charged off in the approximate amount of \$150.00. Applicant admitted to this debt and has taken little or no action on it. Tr. at 37-39, 58, GE 2

Policies

This case is adjudicated 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), which became effective on June 8, 2017.

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

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines in conjunction with the factors listed in the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), the entire process is a conscientious scrutiny 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 that "[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security."

Under Directive ¶ E3.1.14, the Government must 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." The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to classified information enters 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 access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

Section 7 of EO 10865 provides that adverse decisions shall be "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." See *also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F, Financial Considerations

The security concern for financial considerations 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.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable in this case:

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

Applicant failed to file, as required, her federal income tax return for tax year 2021 and has twenty-one delinquent debts consisting of charge-offs and collections totaling approximately \$18,000. AG ¶¶ 19(a), (c) and 19(f) are applicable.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

- (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;

(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

(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.

With the exception of Applicant's 2021 tax issue, I find her financial problems are recent and ongoing. Even though they were brought on by circumstances which in large part were beyond her control, I am unable to conclude that they will be resolved within a reasonable period. I am also unable to find that Applicant acted responsibly and responsibly under the circumstances, nor did she make a good-faith effort to pay her debts. They continue to cast doubt on her current reliability, trustworthiness, and good judgment. The above mitigating conditions, individually or collectively, are insufficient to eliminate concerns about her finances.

Whole-Person Concept

Under the whole-person concept, the 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. 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 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 with questions and doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant did not mitigate the financial considerations security concerns.

Formal Findings

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

Paragraph 1, Guideline F:	Against Applicant
Subparagraph 1.a:	For Applicant
Subparagraph 1.b – 1.v:	Against Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

Jeff A. Nagel
Administrative Judge