



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



In the matter of:)	
)	
)	ISCR Case No. 25-01191
)	
Applicant for Security Clearance)	

Appearances

For Government: Andre M. Gregorian, Esq., Department Counsel
For Applicant: *Pro se*

04/23/2026

Decision

LAFAYE, Gatha, Administrative Judge:

Applicant provided sufficient evidence to mitigate security concerns raised under Guideline F (financial considerations). Eligibility for access to classified information is granted.

Statement of the Case

Applicant submitted a security clearance application (SCA) on March 22, 2023. On September 30, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant answered the SOR (Answer) on October 9, 2025, and requested a hearing before an administrative judge. The case was assigned to me on January 16, 2026.

On January 30, 2026, the Defense Office of Hearings and Appeals (DOHA) issued a notice scheduling the hearing for March 4, 2026, by video teleconference. The hearing was convened as scheduled. At the hearing, Department Counsel offered Government Exhibit (GE) 1 through GE 6, which were admitted in evidence without objection. Applicant testified and offered evidence, which was labeled as Applicant's Exhibit (AE) A through AE G and admitted in evidence without objection.

At the close of the hearing, I left the record open until March 19, 2026; to allow Applicant more time to submit additional evidence and she timely submitted AE H and AE

I, which were admitted in evidence without objection. DOHA received the hearing transcript (Tr.) on March 19, 2026.

Findings of Fact

In her Answer, Applicant admitted all debts alleged in the SOR (¶¶ 1.a through 1.d). Her admissions are incorporated in my findings of fact. After thorough review of the evidence, I make the following additional findings of fact.

Applicant, age 40, has worked as a security control assessor for a Department of War (DOW) contractor since December 2020. She has held a security clearance since May 2021. She earned her bachelor's and master's degrees from an online university in July 2014 and July 2016, respectively. She married in 2015, divorced in 2022, and has three children, ages 22, 19, and 11; and an 18-year-old stepchild. (GE 1, 2; Tr. 21-27)

Applicant's starting salary for her current position was \$100,000. In 2025, she was promoted to technical lead, a management position that entails leading and overseeing a staff of 23 security officers. She currently earns \$145,500 annually and participates in her employer's 401(k)-retirement plan. Over the years, she attained other valuable skills and credentials. She is a certified nursing assistant, an administrative assistant, and a licensed property and casualty insurance professional. She started working as a part time delivery driver in 2016, and though she has not made deliveries in about a year, her contract driver account is still active. She also started working part time as an independent insurance representative in early 2015 but has not conducted insurance sales work for over a year. (Tr. 17-28)

In March 2023, Applicant completed her most recent SCA and in Section 26 (Financial Record), she disclosed a joint Chapter 7 bankruptcy action, which was filed by her ex-husband in July 2018. She estimated that delinquent debts of about \$50,000 were discharged in October 2018. She also disclosed another debt in Section 26 but said she did not have the specific loan information because her ex-husband "excluded [her] access during the divorce proceedings." (GE 1, 2)

Applicant attributed her SOR debts to her separation and divorce and being a stay-at-home mom to three children. She said her ex-husband would not share the household financial information with her, which caused problems in their marriage. She said she understood there was not a lot of money but was caught off guard by his announcement in 2018 that they needed to file for Chapter 7 bankruptcy. Her ex-husband was trained as an accountant, and he solely managed the household finances. She worked part time jobs, but her income was barely enough to pay the babysitter. She said her ex-husband asked her to leave their home in August 2019, and again in October 2019. With the help of a friend, she left in December 2019, and she lived in another state with her friend until she found a full-time job. (Tr. 28-46)

Applicant said she and her ex-husband continued to work on their relationship after she moved out, but problems persisted in the marriage, and her ex-husband ultimately

filed for divorce in 2022. Their divorce became final in October 2022. After she found a good-paying job, she moved to a more expensive apartment and purchased a more expensive car. She said she believed she could manage payments, but she did not anticipate so many maintenance issues with the car and began to fall behind on her debts and received minimal financial support from her ex-husband. (GE 1; Tr. 14-46)

The SOR alleges four financial considerations security concerns, including a 2018 Chapter 7 bankruptcy and three other debts totaling about \$17,000. The SOR allegations are supported by Applicant's admissions in her Answer, SCA, and background interview; three credit bureau reports (CBRs) and bankruptcy court documents. (GE 1 - 6)

The facts and circumstances of each debt are discussed in more detail below:

SOR ¶ 1.a (2018 Chapter 7 Bankruptcy): Applicant's ex-husband maintained sole visibility and control over the couple's finances, which created problems in their marriage. At the time, he was employed as a hospital orderly, and she was a stay-at-home mom. In 2018, he informed her that he needed to file for bankruptcy. In July 2018, a joint Chapter 7 bankruptcy action was filed, and their debts were discharged in October 2018. She said she never received any delinquency notices, and that she was unaware they were behind on bills because he never shared that information. He left her completely in the dark about their finances. By 2019, their marital relationship was in decline and her then husband asked her to move out of their home twice. She eventually moved in with a friend who lived in another state and had to completely start her life over as a single mother with three children. (GE 3 – 6; Tr. 22-27, 36-37)

SOR ¶ 1.b (\$10,080): Applicant moved out of an expensive apartment four months before the lease expired, due to unexpected expenses after her divorce. She said she owed rent for one month, and the remaining balance consisted of fees and other charges associated with terminating the lease early. (GE 5 - 6; Tr. 31-40; AE D, E)

The debt, which was originally listed as \$10,080 in the credit bureau report (CBR), was reduced to \$4,034 by the legal assignee of the debt. (AE E) Applicant later disputed the amount of the debt through a credit reporting organization as note in the 2025 CBR, following the balance reduction. She provided proof she established a payment plan with the creditor in early 2026. She said she was unable to locate the assignee of the debt for a long time, but after she did, she communicated with the creditor but could not immediately pay the amount requested. She worked with the creditor and established a workable payment plan. She pays \$115 monthly and provided proof she is in compliance with the payment plan. (GE 5 - 6; Tr. 31-40; AE D, E, H) The debt is being resolved.

SOR ¶ 1.c (\$5,885): This debt relates to a loan Applicant accepted for a used car in about December 2023 to replace the expensive car she returned to the dealer through a maintenance write-off program. Her expensive car had multiple mechanical issues and combined with payments exceeding \$1,000 monthly, she was unable to afford the car. The debt was written off and she received a Form 1099-C (cancellation of debt) for about \$30,000, which she reported as income in her 2024 income tax return. She fell behind on

payments for her used car due to higher living expenses after her divorce and helping her 19-year-old daughter pay her college tuition. Additionally, her ex-husband significantly reduced his financial support for her and their 11-year-old child. He provides only \$60 weekly for child support, and though he occasionally contributes to their child's medical expenses and extracurricular activities, his financial support has not been consistent. (GE 5 – 6; Tr. 26-40; AE A - C)

Applicant remained in contact with the creditor. She provided evidence that she established a payment plan in November 2025 paying \$141 monthly, and that she is in substantial compliance with the plan. She has paid over \$1,000 on the debt and as of February 2026, she owed about \$4,800. (GE 5 - 6; Tr. 26-40; AE A - C) This debt is being resolved.

SOR ¶ 1.d (\$1,052): Applicant provided evidence that she settled this debt for \$631 and paid it in October 2025. (Answer, GE 5 – 6; Tr. 40) This debt is resolved.

Applicant worked to reduce her expenses post-divorce. Only one child lives with her now, she moved to a less expensive apartment, and she drives a less expensive car. She has a general budget, and it enables her to pay her bills and expenses on time, and she has money remaining over at the end of the month. Before she helped to pay for her daughter's college tuition and fees, she was saving about \$300-\$500 monthly. She paid about \$3,500 cash towards tuition costs to enable her daughter to attend college. Her daughter now lives off campus and pays her own college expenses by working part time, taking out student loans, and applying for financial aid and available scholarships. (AE F, G; Tr. 23-31, 42, 54-58)

At the hearing, Applicant disclosed she filed her 2023 federal and state income tax returns late. She said she submitted both her 2023 and 2024 federal and state income tax returns at the same time in April 2025. She explained that she filed her tax returns late because she was concerned that she would owe money because of the tax credit she received for the cancellation of the debt on her expensive car due to significant maintenance issues. She said she owes about \$5,000 on her 2024 federal income tax. She recently made payment arrangements, which she makes directly to the Internal Revenue Service (IRS) via the IRS website. Delinquent or unfiled income tax returns were not alleged in the SOR. She provided evidence that she established a payment plan of \$171 monthly, and proof that she had already paid \$149 towards the debt before she established the IRS payment plan. (Tr. 46, 55-56; AE I)

Applicant's financial circumstances changed after her divorce became final in 2022. She also acknowledged that some of her living expenses also created an unnecessary financial burden, which she worked to change by reducing her living expenses post-divorce. In the recent past, she has worked part time as an independent delivery driver and a licensed insurance sales representative to earn extra money. She expressed her commitment to becoming a better manager of her finances by prioritizing her financial responsibilities above others she wants to help. (GE 2; Tr.11-14, 55-58)

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 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 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.

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 in the case establish two disqualifying conditions under this guideline: AG ¶ 19(a) (inability to satisfy debts) and AG ¶ 19(c) (a history of not meeting financial obligations).

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following 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; and

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

Applicant's financial problems began after her failed marriage and eventual divorce in 2022. She started over as a single mother of three children without much financial

support from her ex-husband. She began a new career with a higher salary. She admitted it was not the best financial decision to move into an expensive apartment and to buy an expensive car, and she took action to reduce her expenses after the divorce was final. She helped her daughter with college tuition expenses but now understands that she does not currently have the financial means to do so. She moved into a less expensive apartment and purchased a less expensive car. The Chapter 7 bankruptcy in 2018 happened almost eight years ago, under unusual circumstances that are unlikely to occur, and does not cast doubt on her current reliability, trustworthiness, and judgment.

Applicant's finances are not perfect; however, perfection is not required. The security clearance adjudication process is a procedure designed to evaluate an applicant's judgment, reliability, and trustworthiness. It is not a debt collection procedure. See ISCR Case No. 09-02160 (App. Bd. Jun. 21, 2010). An applicant is not required, as a matter of law, to establish resolution of every debt alleged in the SOR. An applicant need only to establish a plan to resolve the financial problems and take significant actions to implement 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. 07-06482 at 2-3 (App. Bd. May 21, 2008). She has either paid or established payment plans for debts in the SOR as well as the unalleged federal income tax debt. AG ¶¶ 20(b) and 20(d) apply and Applicant has mitigated the financial considerations security concerns in this case.

Thus, Applicant has demonstrated she acted responsibly under the circumstances and her current financial situation does not cast doubt on her judgment, reliability, and trustworthiness. She has mitigated the security concerns regarding 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. I considered Applicant's

unalleged income tax debt and determined she has taken reasonable and responsible steps to resolve the matter. She also provided proof of her payment arrangements with the IRS and her initial compliance with the arrangements.

I considered Applicant's personal financial circumstances after her divorce as a single mother with three children. I also considered the speed at which she worked to financially recover post-divorce, taking the initiative to reduce her living expenses by moving to a less expensive apartment and driving a less expensive car. She testified credibly, with sincerity and earnestness, and I believe she will continue to succeed in addressing her financial situation. She is deserving of a chance to show she can.

Overall, the record evidence leaves me without any questions or doubts about Applicant's eligibility and suitability for a security clearance. I conclude she has mitigated the financial considerations security concerns in this case.

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:	FOR APPLICANT
Subparagraphs 1.a - 1.d:	For Applicant

Conclusion

It is clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is granted.

Gatha LaFaye
Administrative Judge