



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



In the matter of:)	
)	
)	ISCR Case No. 25-00811
)	
Applicant for Security Clearance)	

Appearances

For Government: Erin P. Thompson, Esq., Department Counsel
For Applicant: Vicki S. Fuller, Esq.

04/17/2026

Decision

HARVEY, Mark, Administrative Judge:

Guideline F (financial considerations) security concerns are not mitigated. Eligibility for access to classified information is denied.

Statement of the Case

On March 12, 2024, Applicant signed an Electronic Questionnaires for Investigations Processing (e-QIP). (Government Exhibit (GE) 1) On August 5, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a statement of reasons (SOR) to Applicant under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960); Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive) (January 2, 1992), as amended; and Security Executive Agent Directive 4, establishing in Appendix A, the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AGs), effective June 8, 2017. (Hearing Exhibit (HE) 2)

The SOR detailed reasons why the DCSA did not find under the Directive that it is clearly consistent with the interests of national security to grant or continue a security clearance for Applicant and recommended referral to an administrative judge to determine whether a clearance should be granted, continued, denied, or revoked. Specifically, the SOR set forth security concerns arising under Guideline F. (HE 2) On September 15, 2025, Applicant provided her response to the SOR. On December 16, 2025, Department Counsel was ready to proceed. On December 16, 2025, the case was assigned to me.

On December 16, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice scheduling the hearing on February 10, 2026. (HE 1) The hearing was held as scheduled using the Microsoft Teams video teleconference system.

During the hearing, Department Counsel offered seven exhibits into evidence; Applicant did not provide any exhibits; there were no objections; and all proffered exhibits were admitted into evidence without objection. (Tr. 15-17; GE 1-GE 7) On February 24, 2026, DOHA received a copy of the transcript. Department Counsel provided two post-hearing exhibits; Applicant provided eight post-hearing exhibits; and all post-hearing exhibits were admitted without objection. (GE 8, GE 9; Applicant Exhibit (AE) A-AE H) The record closed on April 9, 2026. (HE 4)

Some details were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits and transcript.

Findings of Fact

In Applicant's SOR response, she admitted in part the allegations in SOR ¶¶ 1.a and 1.f, and she denied the allegations in SOR ¶¶ 1.b through 1.e. (HE 3) She also provided extenuating and mitigating information. Her admissions are accepted as findings of fact.

Applicant is a 36-year-old business development coordination manager. (Tr. 30, 33, 72; GE 1; AE A) In August of 2015, she received an associate degree in real estate sales and management and in business administration; in December of 2015, she received a bachelor's degree in management of technology; and in May of 2024, she was awarded a master's degree in business administration. (Tr. 32; AE A) She plans to obtain a law degree in the future. (Tr. 32) She has experience as an auditor, financial management, and budget analyst for the federal government. (Tr. 33-34) She has never married, and she does not have any children. (Tr. 36-37) She has never served in the military. (Tr. 37) Her resume provides additional information about her background and professional experience. (AE A)

Financial Considerations

Applicant described some circumstances that resulted in a decrease in her available income. She provided financial support to multiple family members. (Tr. 27-28) Starting about three years ago, Applicant's mother had two surgeries, and Applicant provided funds to her mother. (Tr. 27, 63) She also provided financial assistance to her sisters and their children. (Tr. 27) Applicant borrowed \$20,000 from her mother to invest in Applicant's patent. (Tr. 62)

SOR ¶ 1.a alleges Applicant has a charged-off vehicle loan for about \$17,039. Her March 26, 2025 credit bureau report (CBR) shows this charged-off debt with a balance of \$17,039. (GE 3 at 2)

In her March 18, 2025 response to DOHA interrogatories, Applicant said:

[The creditor in SOR ¶ 1.a] is reporting a charged-off balance of -\$17,039.00, which is inaccurate. The negative sign indicates that this amount is owed to me not a debt I am required to pay. This constitutes false and misleading information on my credit report, which I have requested be corrected multiple times. By continuing to report this incorrect information, [this creditor] is in violation of the Fair Debt Collection Practices Act (FDCPA), specifically 15 U.S.C. § 1692e, which prohibits debt collectors from making false or misleading representations, and 15 U.S.C. § 16921, which prohibits any unfair or unconscionable means to collect or attempt to collect a debt. I do not owe these debts, nor have I ever received any bills, statements or notifications indicating that I am responsible for such obligations. Since I have never received any communication or validation regarding these debts, I do not acknowledge their legitimacy and dispute any claims made against me. (GE 2 at 8)

Applicant's August 28, 2024, Office of Personnel Management (OPM) summary of personal subject interview (PSI) states, "Subject said her car was repossessed (date unrecalled) and she believes it was sold for more than it was worth. She does not believe that she is liable for the amount that is reflected on the credit report, and she plans to look into it and provide documentation." (GE 7 at 3) Her September 3, 2024, OPM summary of PSI states, "She said the original balance on the account was \$46,064.00. The car was repossessed and the amount of \$42,104.00 was written off. That would leave a balance of \$3,960, not \$17,039, which is what is listed on her credit report." (GE 7 at 8) She did not submit a CBR that shows a balance of \$3,960 as an exhibit at her hearing.

At her hearing, Applicant said she was in a car accident in a different state from her state of residence with the vehicle financed by the creditor in SOR ¶ 1.a. (Tr. 23) She had a dispute with her insurance company because she believed her deductible was \$800, and her insurance company believed it was \$1,200. (Tr. 74) She eventually paid \$1,200. (Tr. 75) The shop that was repairing her vehicle allowed someone to pick up her car without her authorization before repairs were completed. (Tr. 25, 74) She was subsequently informed that a creditor repossessed her vehicle. (Tr. 25) She expected to receive a larger reimbursement from her insurance company, and she intended to use the additional funds to pay the lienholder on her vehicle. (Tr. 25) She acknowledged she was behind on her payments, but "[n]ot enough for it to be repossessed." (Tr. 25, 41-42) She said she was only about two months behind on her payments. (Tr. 75)

Applicant contacted the seller of the vehicle, and she informed the seller that "the numbers that they had within the contract were incorrect. Instead of them subtracting the value of the trade-in and then the initial down payment, they added that amount. So it made it look like I owe money when they really kind of owe me money." (Tr. 26) She provided a copy of the sales contract, and the contract indicates the cash price is \$43,000 and the unpaid balance of the cash price at the time of purchase is \$40,000. (Tr. 39; HE 2) Applicant said she believed her credit was \$10,000 for her trade-in and at least \$2,000 for a down payment. (Tr. 40) The purchase price, including various charges and taxes, was \$46,064. (HE 2) According to the contract, her gross trade-in allowance shows \$11,000 for her trade in vehicle, minus \$8,586 to pay off the lien on her trade in vehicle, which left a credit of \$2,413. (HE 2 at page 2 of 6) She received the credit of \$2,413,

which was listed as a “downpayment.” *Id.* The contract does not reflect that she made a cash downpayment. (HE 2) The seller of the vehicle is not the same entity that held the commercial paper on her car loan.

Applicant asked for several items from the seller such as a digital signature certificate, IP metadata, and time-stamped audit trail. (AE C) She asked the creditor to provide:

1. The electronic-signature audit trail and IP attribution records;
2. The [Truth in Lending Act]/Reg Z calculation worksheet used to generate finance disclosures;
3. The loan-booking ledger showing application of down payment and trade-in; [and]
4. The dealer funding packet and “contract assignment acknowledgment” showing [the creditor’s] acceptance and verification of contract accuracy. (AE C-1)

Applicant did not provide a citation to federal or state authority which would require the creditor or seller to provide this information, or even if required, how it would warrant rescission of her purchase contract or voiding of her unpaid payments to the creditor under the contract.

Applicant listed 18 problems with her vehicle contract:

1. Down payment misapplied - added into balance instead of subtracted.
2. Bundled fees not itemized.
3. APR/finance charge discrepancy.
4. "Total of Payments" mismatch with installments.
5. Ambiguous prepayment clause.
6. Unclear assignment to [a creditor].
7. Missing trade-in credit.
8. Incomplete execution (only initials/digital marks, no wet-ink signature).
9. Questionable digital signatures with no audit trail.
10. Missing initials on Seller's Right to Cancel (pg. 5 of 6).
11. Payment schedule ambiguity.
12. Inconsistent or missing dates.
13. Missing dealer/creditor signature.
14. Improper formatting of required “federal box” disclosures.
15. No clear identification of original creditor.
16. Optional add-ons (GAP/service) not disclosed or itemized.
17. Missing or incomplete cancellation/rescission notices.
18. Identical digital initials suggesting dealer-applied marks.

On October 6, 2025, the creditor responded to Applicant’s disputes and requests for information as follows:

We contacted [the vehicle seller] about your concerns relating to your Retail Installment Sale Contract (Contract) for [the vehicle] and could not substantiate your claims. The Dealership confirmed that the deal was conducted in compliance with the Electronic Signatures in Global and National Commerce Act (E-SIGN Act), there were no errors in the Truth in Lending disclosures on the Contract and no violations of the Truth in

Lending Act. The finance charges, Annual Percentage Rate, and “Total of Payments” figures reconcile with the repayment schedule.

The Dealership also confirmed that the down payment and trade-in were properly credited and that there were no fees or add-ons bundled into the loan without disclosure. We have enclosed copies of your signed authorizations for the add-on products, the customer delivery receipt and the final acceptance documents for the add-on products.

By signing the Contract, you confirmed that you read, understood agreed to its terms and entered into a valid legally-binding credit obligation with us.

Your Contract outlines that payments of \$808.94 are due on the 3rd of each month. Your Contract also explains what happens if you default. Your account [was] properly charged off on June 30, 2022, due to the account status. Because your account remained in a past-due status, we repossessed the vehicle on July 7, 2022. On August 30, 2022, we sold the vehicle at a private auction and applied the proceeds from the sale to your account balance. On October 12, 2022, we sent you the enclosed Explanation of Calculation of the Deficiency, which explained that you owed a remaining balance on your account of \$17,039.36. Enclosed are copies of your payment histories for your records. (AE C-2 at .pdf page 51)

Applicant’s payment history indicates she missed payments for about six months in 2022 before the creditor repossessed her vehicle. (AE C-2 at .pdf page 60)

Applicant said she was “more than happy to pay whatever [she owes the creditor]. I just need us to get the amount correct on it.” (Tr. 76) She said she wrote the creditor and offered to pay the debt. (Tr. 76) She said the creditor told her to contact the dealership; however, the dealership is “just like trying to run me off.” (Tr. 76) She did not provide a copy of her offer to pay the debt as an exhibit for the record. No evidence was presented of a payment plan or any payments after the vehicle was repossessed on July 7, 2022.

SOR ¶¶ 1.b and 1.c allege Applicant has debts placed for collection for about \$2,319 and \$1,114, respectively. Her March 26, 2025 CBR shows these two debts placed for collection with balances of \$2,319 and \$1,114. (GE 3 at 2)

Applicant’s August 28, 2024, OPM summary of PSI states, “Subject does agree with [the debt in SOR ¶ 1.b] and said it is from a delinquent credit card. Subject believes this is the same account with [another creditor] that she listed on her case paperwork. Subject still has not taken action to start a payment plan because of the above-mentioned dilemma she is going through with her house and it is taking up all of her time.” (GE 7 at 4) The creditor she cited to the OPM investigator was not the original creditor listed in SOR ¶ 1.b. She said she disagreed with and disputed the debt in SOR ¶ 1.c. *Id.*

At her hearing, Applicant said she did not recall receiving credit from these two creditors. (Tr. 43-44) She said she wrote the creditors and did not receive a response.

(Tr. 44) She eventually hired a credit aid company to work with the creditors on her credit report to authenticate or validate her debts. (Tr. 44) The credit aid company told her not to contact her third-party creditors. (Tr. 51-52)

SOR ¶ 1.d alleges Applicant has a medical debt placed for collection for about \$880. Her March 26, 2025 CBR shows this debt placed for collection with a balance of \$880. (GE 3 at 2) She did not believe she owed this medical debt because she had not recently been to a hospital or seen a doctor. (Tr. 51-53)

SOR ¶ 1.e alleges Applicant has a bank debt placed for collection of about \$658. Her March 26, 2025 CBR shows this debt placed for collection with a balance of \$658. (GE 3 at 3) She said she did not recall having an account with the creditor in SOR ¶ 1.e. (Tr. 54) In her March 12, 2024 SCA, she indicated she owed the original creditor \$500, and she would make a payment arrangement when she obtained employment. (GE 1 at 47) At her hearing, she said if the collection agent verifies the account, she intends to pay it or resolve it. (Tr. 70)

In her response to DOHA interrogatories, Applicant said the four accounts listed in SOR ¶¶ 1.b through 1.e above are erroneous and reflect inaccurate data pertaining to her credit reports. She said she did not have a contractual relationship with the collection agencies and did not authorize them to collect any debt or funds from her. She requested documentation showing authorization to collect, and compliance with FDCPA. She denied that she “ever received any bills, statements, or notifications indicating that I am responsible for such obligations. Since I have never received any communication or validation regarding [these accounts] I do not acknowledge their legitimacy and dispute any claims made against me.” (GE 2 at 8)

SOR ¶ 1.f alleges in about December of 2022, Applicant’s mortgage went to foreclosure. Her March 26, 2025 CBR shows this debt was a Farmer’s Home Administration loan and the balance is \$0. (GE 3 at 3) In her March 12, 2024 SCA, Applicant said the financial issue began in December of 2022, and the “balance was paid in full according to the company’s own financial records and [an] Audit.” (GE 1 at 44) She said she filed lawsuits in several courts to resolve issues. *Id.* at 45.

Applicant lived in her home since June of 2011. (Tr. 28) Her original mortgage was \$119,000. (Tr. 59) She said, “My house was paid off. There shouldn’t have been any monthly mortgage payments to be made.” (Tr. 57-58) When she sent her payments, they did not apply them to her mortgage. (Tr. 58)

Applicant’s mortgage was transferred twice to different mortgage companies. (Tr. 24) She said:

I never owed anything to [the SOR ¶ 1.f creditor, which] was not the original party. It would only be [owed to the first mortgage company]. That’s who I had the contract with. So if [the SOR ¶ 1.f creditor] was collecting that for [first mortgage creditor], then yes. It was [\$]119,000 something. I want to say \$487 or something like that. (Tr. 59)

According to the Deed of Foreclosure, notice for a foreclosure sale was published three times in a local newspaper, and notice was sent to her residence. (GE 6) Applicant said she was out of state when the notices were issued. On November 28, 2022, an agent for a limited liability corporation (LLC) purchased Applicant's property at auction for \$175,000. (GE 6)

In July of 2023, the police removed Applicant from her residence. (Tr. 18) She believed her removal was improper. (Tr. 18) She filed a police report against the company that evicted her from her residence. (Tr. 19)

A U.S. district court decision noted that after Applicant defaulted on the mortgage, the assigned mortgage creditor foreclosed on the property and sold it to an LLC. (GE 8 at 4) Two months later an LLC filed an ejectment action in state court, and the judge issued a default judgment against Applicant who resided at the property. *Id.* The county sheriff's department evicted Applicant from the property. *Id.* A state court denied Applicant's requests for relief, and the district court dismissed her claims "because relief in the federal action would have undermined the state court's judgment in the underlying ejectment proceeding." *Id.* at 5, 7. According to the docket for the U.S. district court, there were 72 filings in the litigation, and some of the filings had multiple appendices. (GE 7)

Department Counsel asked, "But it's your contention that you owned this home outright and that it was nonetheless foreclosed upon?" And Applicant answered, "Correct, I own my house. It's paid for. None of this should have ever went on." (Tr. 60) Applicant said the creditor advised her that she did not owe anything on the debt. (Tr. 83) Her basis for this belief is her CBR, which shows that the balance is \$0. (Tr. 83) The residence is currently vacant. (Tr. 83)

Applicant believed the eviction was related to a patent she requested for a support device or pillow. (Tr. 19; AE E) She spent thousands of dollars developing and marketing her patent. (Tr. 31) This patent is for a medical device, which makes it more comfortable for a patient to sit after surgery. (Tr. 81) At the time she was evicted, she was busy seeking the patent, and she did not have the financial and time resources to ensure that she was not subject to eviction. (Tr. 20) She said someone obtained a fraudulent deed on her property. (Tr. 20) The deeds and mortgages of two properties in her subdivision list her parcel number or legal description within their documentation. (Tr. 21, 61) Applicant filed several lawsuits in state and federal courts regarding the foreclosure. (Tr. 55) At the time of her security clearance hearing, her case against the mortgage company was in litigation in a state appeals court. (Tr. 22) Applicant filed six lawsuits against the creditor that foreclosed on her residence. (Tr. 57) She has a writ of mandamus pending in state court, and a January 29, 2026 court order indicating that the respondent LLC shall file an answer within 14 days. (AE D) She explained the procedural status as follows:

The clerk [in state court] is not following her ministerial duties and docketing everything that I'm giving to her. So that's why we're in the Court of Civil Appeals right now. And they're having to answer as to why they are not docketing my stuff, because I can't move forward with my federal case to show that the, you know, the case itself was void until they filed the actual documents. (Tr. 55)

Applicant provided arguments and legal citations for her litigation on her eviction. (AE F-1; AE G; AE H) She did not provide a list of her payments or other documentation showing payments to the mortgage company to support her contention that her mortgage was paid.

Applicant timely filed her federal income tax (FIT) returns for tax years 2020, 2021, 2023, and 2024. (AE B) Her FIT return for TY 2022 was filed in August 2023. (AE B-3) Her adjusted gross incomes (rounded to the nearest \$1,000) were as follows: 2020 (\$44,000); 2021 (\$54,000); 2022 (\$182,000); and 2023 (\$64,000). (AE B) Her tax refunds of \$3,162 for TY 2020 and \$1,437 for TY 2021 were applied to pay her FIT debt for TY 2018. (AE B-1; AE B-2) She did not explain why her adjusted gross income was substantially greater in TY 2022.

Applicant does not believe that she currently owes any debts. (Tr. 63) Her March 26, 2025 CBR shows that she has disputed the debts in SOR ¶¶ 1.b, 1.c, 1.e, and 1.f. (GE 3 at 2) She has been working for the federal government or government contractors since she was 15 years old, and she never had any disciplinary problems. (Tr. 80-81)

Policies

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, “no 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 War 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, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended.

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, these guidelines are applied 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, 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 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 “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See Exec. Or. 10865 § 7.

Thus, this decision should not be construed to suggest that it is based on any express or implied determination about applicant's allegiance, loyalty, or patriotism. It is merely an indication the applicant has not met the strict guidelines the President, Secretary of War, and Director of National Intelligence 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. 95-0611 at 2 (App. Bd. May 2, 1996).

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 ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his [or her] security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). The burden of disproving a mitigating condition never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531; see AG ¶ 2(b).

Analysis

Financial Considerations

AG ¶ 18 articulates the security concern for financial problems:

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 includes disqualifying conditions that could raise a security concern and may be disqualifying in this case: "(a) inability to satisfy debts" and "(c) a history of not meeting financial obligations."

The Appeal Board explained the scope and rationale for the financial considerations security concern in ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012) (citation omitted) as follows:

This concern is broader than the possibility that an applicant might knowingly compromise classified information in order to raise money in satisfaction of his or her debts. Rather, it requires a Judge to examine the totality of an applicant's financial history and circumstances. The Judge must consider pertinent evidence regarding the applicant's self-control, judgment, and other qualities essential to protecting the national secrets as well as the vulnerabilities inherent in the circumstances. The Directive presumes a nexus between proven conduct under any of the Guidelines and an applicant's security eligibility.

In ISCR Case No. 08-12184 at 7 (App. Bd. Jan. 7, 2010), the Appeal Board explained the role of CBRs in financial considerations analysis:

It is well-settled that adverse information from a credit report can normally meet the substantial evidence standard and the government's obligations under [Directive] ¶ E3.1.14 for pertinent allegations. At that point, the burden shifts to applicant to establish either that [he or] she is not responsible for the debt or that matters in mitigation apply.

(internal citation omitted).

Applicant's CBRs and responses to DOHA interrogatories state, and her SOR alleges, she has a total of five debts in collection or charged-off status, and a mortgage foreclosure. The delinquent debts total \$ 22,010. "[A] single debt can be sufficient to raise Guideline F security concerns." ISCR Case No. 19-02667 at 3 (App. Bd. Nov. 3, 2021) (citing ISCR Case No. 14-05366 at 3 (App. Bd. Feb. 5, 2016)). "Additionally, a single debt that remains unpaid over a period of years can properly be characterized as a history of not meeting financial obligations." *Id.* The record establishes the disqualifying conditions in AG ¶¶ 19(a) and 19(c), requiring an inquiry about the possible applicability of mitigating conditions. Additional discussion of the disqualifying conditions is contained in the mitigation section, *infra*. The financial considerations mitigating conditions under AG ¶ 20, which may be applicable in this case are as follows:

- (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.

The Appeal Board in ISCR Case No. 10-04641 at 4 (App. Bd. Sept. 24, 2013) explained Applicant's responsibility for proving the applicability of mitigating conditions as follows:

Once a concern arises regarding an Applicant's security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. See *Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. See Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in *Egan, supra*. "Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security." Directive, Enclosure 2 ¶ 2(b).

AG ¶ 20(a) does not apply to the SOR debts. "It is also well established that an applicant's ongoing, unpaid debts demonstrate a continuing course of conduct and can be viewed as recent for purposes of the Guideline F mitigating conditions." ISCR 22-02226 at 2 (App. Bd. Oct. 27, 2023) (citing ISCR Case No. 15-06532 at 3 (App. Bd. Feb. 16, 2017)).

Applicant consistently denied responsibility for the debts in SOR ¶¶ 1.b through 1.d. I have credited her with mitigation of the debts in SOR ¶¶ 1.b through 1.d under AG 20(e).

Some circumstances partially or fully beyond Applicant's control adversely affected her finances. She provided some financial support to family members. Her use of available funds to pursue her patent in lieu of paying her mortgage does not qualify as a circumstance beyond her control. "Even if [an applicant's] financial difficulties initially arose, in whole or in part, due to circumstances outside his [or her] control, the [administrative judge] could still consider whether [the applicant] has since acted in a reasonable manner when dealing with those financial difficulties." ISCR Case No. 05-11366 at 4 n.9 (App. Bd. Jan. 12, 2007) (citing ISCR Case No. 03-13096 at 4 (App. Bd. Nov. 29, 2005); ISCR Case No. 99-0462 at 4 (App. Bd. May 25, 2000); ISCR Case No. 99-0012 at 4 (App. Bd. Dec. 1, 1999)). AG ¶ 20(b) partially applies. It does not fully apply because she did not provide sufficient information about the amounts of financial support she provided to family members, or sufficient details about why those payments were necessary. She did not establish that she acted responsibly towards the SOR debts in ¶¶ 1.a, 1.e, and 1.f.

Applicants are not required “to be debt-free in order to qualify for a security clearance. Rather, all that is required is that an applicant act responsibly given his or her 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) (denial of security clearance remanded) (citing ISCR Case No.13-00987 at 3, n. 5 (App. Bd. Aug. 14, 2014)). 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). See *also* ISCR Case No. 23-01434 at 2-3 (App. Bd. May 7, 2024).

Applicant employed a company to help her dispute several of her SOR debts, and those debts may be dropped from her future credit reports. “[T]hat some debts have dropped off his [or her] credit report is not meaningful evidence of debt resolution.” ISCR Case No. 14-05803 at 3 (App. Bd. July 7, 2016) (citing ISCR Case No. 14-03612 at 3 (App. Bd. Aug. 25, 2015)). The Fair Credit Reporting Act requires removal of most negative financial items from a credit report seven years from the first date of delinquency or the debt becoming collection barred because of a state statute of limitations, whichever is longer. See Title 15 U.S.C. § 1681c. Debts may be dropped from a credit report upon dispute when creditors believe the debt is not going to be paid, a creditor fails to timely respond to a credit reporting company’s request for information, or when the debt has been charged off.

Applicant has unsuccessfully attempted to use legal technicalities to address the financial issues in SOR ¶¶ 1.a and 1.f. Her correspondence with courts, creditors, and other entities does not establish “good faith” under AG ¶ 20(d). See *generally* ADP Case No. 06-14616 (App. Bd. Oct. 18, 2007) (reversing grant of security clearance and stating, “reliance upon legal defenses such as the statute of limitations does not necessarily demonstrate prudence, honesty, and reliability; therefore, such reliance is of diminished probative value in resolving trustworthiness concerns arising out of financial problems” (citing ISCR Case No. 03-20327 at 4 (App. Bd. Oct. 26, 2006)).

The Appeal Board has stated that it is reasonable for an administrative judge to expect an applicant to present documentation corroborating actions taken to resolve debts. ISCR Case No. 19-03757 at 3 (App. Bd. Aug. 18, 2021) (citing ISCR Case No. 19-01599 at 3 (App. Bd. Jan. 15, 2020)). Applicant did not prove that she had a reasonable basis for stopping her payments to the creditors in SOR ¶¶ 1.a, 1.e, and 1.f. She did not support her claims with documentation showing that she paid or was making payment to address the debt in SOR ¶ 1.a and her mortgage before her home was foreclosed. Her claims that she paid these debts detracts from her credibility. Her false claims about paying these debts will not be considered for disqualification purposes; however, they will be considered in the credibility, mitigation, and whole-person assessments.

The foreclosure sale resulted in a zero balance on her mortgage debt; however, her litigation of the foreclosure and eviction in state and federal courts shows lack of judgment.

For her unresolved SOR debts, Applicant did not provide documentation after the SOR was issued for SOR ¶¶ 1.a and 1.e showing: (1) proof of payments, such as checking account statements, photocopies of checks, or a letter from the creditor proving that she paid or made any payments to these two SOR creditors after the SOR was issued; (2) correspondence to creditors or CBRs showing **credible** debt disputes; or (3) evidence of attempts to negotiate payment plans, such as settlement offers or agreements to show that she was attempting in good faith to resolve her delinquent debts. AG ¶ 20(d) does not apply. Applicant failed to establish mitigation under AG ¶ 20(e) because she did not provide documented proof to substantiate the existence, basis, or the result of any debt **reasonable** disputes.

Applicant has not demonstrated a sufficient track record of debt payments to SOR ¶¶ 1.a, 1.e, and 1.f. She did not prove that she was unable to pay or settle at least the debt in SOR ¶ 1.e. Based on her overall history of financial irresponsibility, I am not confident that she will establish payment plans, pay, or otherwise resolve these three SOR debts. Financial considerations security concerns are not mitigated.

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 the 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), "[t]he ultimate determination" of whether to grant a security clearance "must be an overall common-sense judgment based upon careful consideration" of the guidelines and the whole-person concept. My comments under Guideline F are incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under that guideline but some warrant additional comment.

Applicant is a 36-year-old business development coordination manager. In August of 2015, she received an associate degree in real estate sales and management and in business administration; in December of 2015, she received a bachelor's degree in management of technology; and in May of 2024, she was awarded a master's degree in business administration. She plans to obtain a law degree in the future. She has experience as an auditor, financial management, and budget analyst for the federal government. Her resume provides additional information about her background and professional experience. There is no evidence of disciplinary problems in her workplace.

The evidence against grant of a security clearance is detailed in the financial considerations section, *supra*, and this evidence is more substantial than the evidence of mitigation.

I have carefully applied the law, as set forth in *Egan*, Exec. Or. 10865, the Directive, the AGs, and the Appeal Board's jurisprudence, to the facts and circumstances in the context of the whole person. Applicant failed to sufficiently mitigate 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:	Against Applicant
Subparagraphs 1.b, 1.c, and 1.d:	For Applicant
Subparagraphs 1.e and 1.f:	Against Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security to grant or continue Applicant's national security eligibility for access to classified information. Eligibility for access to classified information is denied.

Mark Harvey
Administrative Judge