



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



In the matter of:)	
)	
)	ISCR Case No. 24-02107
)	
Applicant for Security Clearance)	

Appearances

For Government: Nicholas Temple, Esq., Department Counsel
For Applicant: *Pro se*

04/09/2026

Decision

PRICE, Eric, Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

On October 20, 2023, Applicant completed a security clearance application (SCA). (Government Exhibit (GE) 1) On February 18, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued to Applicant a Statement of Reasons (SOR) detailing security concerns under Guideline F. The action was taken under Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive), and the adjudicative guidelines (AG) promulgated in Security Executive Agent Directive 4 (SEAD 4), *National Security Adjudicative Guidelines* (December 10, 2016), for all adjudicative decisions on or after June 8, 2017.

On March 5, 2025, Applicant responded to the SOR. On September 18, 2025, the case was assigned to me. This case was delayed when all administrative judges were furloughed from October 1 through November 12, 2025, during a federal government shutdown due to a lapse in federal funding. On December 18, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice scheduling the hearing for February 10,

2026. The hearing was held as scheduled, using the Microsoft Teams video teleconference system.

During the hearing, Department Counsel offered five exhibits which were admitted into evidence without objection. (Tr. 15-17; GE 1-GE 5) Applicant testified but did not offer any exhibits. The record was held open so Applicant could submit documentary evidence. (Tr. 108) Applicant timely submitted four post-hearing exhibits, which were admitted into evidence without objection. (Applicant Exhibit (AE) A-AE D) DOHA received the transcript on February 24, 2026.

Findings of Fact

In Applicant's SOR response, she admitted all allegations (SOR ¶¶ 1.a-1.h), explaining that she was pursuing a Chapter 13 bankruptcy. (SOR Response; Tr. 18-19) Her admissions are accepted as findings of fact.

Applicant is a 38-year-old program planner employed by a Department of War (DoW) contractor since November 2023. She earned a bachelor's degree in 2010. She worked in various public schools as a teacher from August 2013 to January 2022 and from September 2023 to November 2023. From January 2022 to August 2023, she was employed by a private company as a recruiter and account manager. She is married and has two children, ages 15 and 11. She has never held a security clearance but needs a security clearance to qualify for advancement. (GE 1; Tr. 26-31; AE B)

Financial Considerations

The SOR alleges eight delinquent debts totaling about \$26,000 reflected in credit reports from November 2023, October 2024, and May 2025. (GE 3 at 13-22, GE 4-5)

Applicant did not disclose any delinquent debts in her October 2023 SCA and initially claimed the information in the SCA was accurate when interviewed by a government investigator in November 2023. (GE 1, GE 3 at 3) After being confronted by the investigator about debts listed in her credit report and later alleged in the SOR, Applicant confirmed the accounts were delinquent and said she intended to contact a debt consolidation company for assistance. She testified that she was mortified by errors in her SCA and said she had tried to be transparent and accurate in her responses. (GE 3 at 3-7; Tr. 75-85)

In her response to DCSA interrogatories in July 2024, Applicant admitted the debts later alleged in SOR ¶¶ 1.a-1.f and 1.h had not been paid, that no payment arrangements had been made, and that she had made no payments on the debts. (GE 2) For the debt alleged in SOR ¶ 1.g (\$286), she admitted the debt had not been paid but indicated payment arrangements had been made, and that she was making payments. (GE 2 at 4)

Applicant attributes her financial problems to old debts incurred while in college, her and her husband's underemployment, her husband's periodic unemployment including being unemployed for more than a year during the COVID-19 pandemic, and

emergency relocation expenses in 2019 when she and her family were forced out of a rental property because their landlord had not paid his mortgage. She stated that when she was applying for a position with her current employer, her father advised her to attempt to address her delinquent debts. She contacted some creditors, logged into some payment portals and may have made payments on some debts that may have rendered otherwise stale debts collectible. She tried to address her smaller debts first. She stated her intent to meet her financial obligations and has been advised to file a Chapter 13 bankruptcy. She has been working with a law firm, compiling necessary documents, and she paid \$350 to start the process, but had not filed for bankruptcy as of February 10, 2026. (GE 3 at 3-7; Tr. 22-35, 45-57, 65-75; AE D)

Additional evidence concerning the specific SOR allegations is summarized below.

SOR ¶ 1.a: credit card placed for collection of \$5,964. Applicant testified this credit card became delinquent in about 2013 and that she didn't believe she had made any payments on it. (Tr. 41) She said the creditor obtained a court order to garnish her wages when she started working for her current employer. She challenged the garnishment order and said a court determined her wages could not be garnished because she was head of household. She tried to negotiate a payment plan in late 2024 but could not afford the payment requested by the creditor. (Tr. 31-44) Credit reports show the account was assigned for collection in July 2020 with a past due balance of \$5,964. (GE 3 at 14, GE 4 at 2, GE 5 at 5)

SOR ¶ 1.b: credit card debt that remains delinquent for about \$5,740. Applicant testified this credit card is a joint account with her husband. She said they initially made small monthly payments but stopped when they could no longer afford the payments. She believes this debt was partly attributable to costs associated with an immediate relocation after being forced out of a rental property because their landlord had not been paying his mortgage. (Tr. 45-52) Applicant does not believe that she took any action on this account from 2019 to 2025. (Tr. 52) Credit reports show this individual account was opened or assigned for collection in August 2012, charged off for \$5,740, and past due for \$5,740. (GE 3 at 14, GE 4 at 3, GE 5 at 5)

SOR ¶ 1.c: credit account charged off for about \$2,732. Applicant testified this credit card debt was similar to the debt alleged in SOR ¶ 1.b, that the account went delinquent at about the same time and that she has taken no action on the account since it became delinquent. (Tr. 52-53) Credit reports show this individual account was opened or assigned for collection in September 2014, charged off, and past due for \$2,732. (GE 3 at 14, GE 4 at 3, GE 5 at 5)

SOR ¶ 1.d: credit card debt that remains delinquent for about \$1,114. Applicant testified this credit card account was opened in 2020 and became delinquent in 2024. She believed this card was used to pay expenses while her husband was unemployed during COVID-19, and that they had taken no action on the debt since it became delinquent. (Tr. 53-56) Credit reports show the account was opened or assigned for collection in August 2020, placed for collection, and past due for \$1,113 or \$1,114. (GE 3 at 15, GE 4 at 3, GE 5 at 4)

SOR ¶ 1.e: credit card placed for collection of \$1,077. Applicant testified that she made monthly payments on this account until a company that purchased the debt requested larger payments. When she applied for her current job, she attempted to make payments on the account because it was one of her smaller debts, but she has made no payments since it went into collection. (Tr. 56-58) Credit reports show the initial credit card account was opened in December 2015, that the account was assigned for collection in July 2020, and past due for \$1,077. (GE 3 at 15, GE 4 at 3, GE 5 at 5)

SOR ¶ 1.f: credit account placed for collection of \$720. Applicant testified that she did not recognize the names of the original creditor or the current creditor and could not determine who the creditors were through research. She has taken no action on this account. (Tr. 58-59) Credit reports show the initial credit card account was opened in July 2018, that the account was assigned for collection to the current creditor in July 2020, and past due for \$720. (GE 3 at 15, GE 4 at 4, GE 5 at 1)

SOR ¶ 1.g: insurance account placed for collection of \$286. Applicant testified she thinks this debt is an outstanding balance from an old insurance account, that she and her husband may have tried to resolve the debt, but she was not sure. She has not contacted the original or current creditor and assumes the debt is legitimate. (Tr. 59-61) She submitted no documentary evidence to support claims in her July 2024 response to interrogatories that she had made a payment arrangement and was making payments to the creditor. (GE 2 at 4) Credit reports show the account was assigned for collection to the current creditor in June 2018 and was reported as past due for \$286 until at least October 2024. (GE 3 at 15, GE 4 at 4)

SOR ¶ 1.h: past-due balance on loan for repossessed vehicle that remains delinquent in the amount of \$9,807. Applicant testified this debt was incurred when a vehicle was repossessed during the COVID-19 pandemic. She could not afford the payments because her husband was unemployed at the time. She believes the debt was charged off. She thinks the debt was possibly sold to a different creditor, but the original creditor was unable to provide that information to her. She has not tried to resolve the debt since the vehicle was repossessed. (Tr. 61-65) Credit reports show the vehicle loan account was opened in July 2018, that the vehicle was involuntarily repossessed, and is past due for \$9,807. (GE 3 at 16, GE 4 at 5, GE 5 at 1)

Applicant disclosed that she and her husband were struggling to stay current on their bills but that things have been better since she started her current job. She disclosed a federal tax debt of about \$5,000 and attributed it to her husband's former employer's error on his W-2 in about 2022. She said they were attempting to resolve the tax issues from 2022 and making payments on overdue taxes of about \$2,200 from a recent tax year. (Tr. 65-72)

Applicant's gross income in 2025 was about \$78,000 and her husband's gross income was about \$75,000. They have less than \$500 in monthly disposable income after paying expenses. They have between \$500 to \$1,000 in savings and about \$15,000 in retirement accounts. Applicant testified she had not received financial counseling but looked forward to completing financial counselling as part of the Chapter 13 bankruptcy

process. (Tr. 97-98) Post hearing, she submitted documentary evidence that she completed an online course regarding managing debt. (Tr. 89-100; AE C)

After the hearing, Applicant submitted a letter from her current manager that favorably commented on her professionalism, reliability, integrity, leadership, attention to detail, trustworthiness, and exemplary adherence to security protocols. The letter notes Applicant's good-faith efforts to resolve her delinquent debts and attests to her suitability for a security clearance. (AE A-B)

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 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 § 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 War 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

Financial Considerations

The security concern under this guideline is set out in AG ¶ 18:

Failure to live within one's means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information. . . . An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds. . . .

This concern is broader than the possibility that a person might knowingly compromise classified or sensitive information to raise money. It encompasses concerns about a person's self-control, judgment, and other qualities essential to protecting classified or sensitive information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified or sensitive information. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Applicant's admissions and record evidence, including credit bureau reports, 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). The following mitigating conditions under AG ¶ 20 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; and

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

None of the mitigating conditions are established for the debts alleged in the SOR. Applicant's delinquent debts are multiple, ongoing and she did not submit sufficient evidence to establish that they were incurred under circumstances unlikely to recur. Although her underemployment, her spouse's underemployment and periodic unemployment, and her former landlord's failure to pay his mortgage were conditions largely beyond her control; she has not produced sufficient evidence that she acted responsibly under the circumstances. Assuming the managing debt course she recently completed satisfies financial counseling requirements under AG ¶ 20(c), there are no clear indications that her financial problems are being resolved or under control.

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.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). I found Applicant's testimony to be sincere and credible. I considered her age, work history, limited financial resources to pay her delinquent debts, and that her financial problems were caused in part by conditions beyond her control. I also considered her plans to file for bankruptcy at some point in the future. However, there is insufficient evidence to conclude that Applicant has acted responsibly given her circumstances.

After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concerns raised by her delinquent debts.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for award of a security clearance in the future. With a longer track record of financial responsibility, she may be able to demonstrate persuasive evidence of her security clearance worthiness. Overall, the record evidence leaves me with questions and doubts as to her eligibility and suitability for a security clearance at this time.

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
Subparagraphs 1.a through 1.h:	Against Applicant

Conclusion

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

Eric C. Price
Administrative Judge