DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00156
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Carroll J. Connelley, Esq., Department Counsel
For Applicant: *Pro se*

06/04/2026

Decision

DRISKILL, A. M., Administrative Judge:

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

Statement of the Case

On March 27, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guidelines E and F. Applicant responded to the SOR on April 23, 2025 (Answer) and requested a decision on the written record in lieu of a hearing. The Government's written case was submitted on May 13, 2025. A complete copy of the file of relevant material (FORM) was provided to Applicant, who was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on May 20, 2025, and she did not respond. The case was assigned to me on April 9, 2026. The Government exhibits included in the FORM (Items 2-8) are admitted in evidence without objection.

Findings of Fact

The SOR alleges Applicant falsified material facts on her May 2024 security clearance application (SCA) by not reporting her delinquent debts (SOR ¶ 1.a); that she has five delinquent debts totaling $78,177 (SOR ¶¶ 2.a-2.e); and that she filed Chapter 7 bankruptcy in January 2025 (SOR ¶ 2.f). She admitted all the allegations with explanations and provided documentation showing her bankruptcy was discharged. Based on my review of the pleadings and evidence submitted, I make the following additional findings of fact.

Applicant is 39 years old. She graduated high school in 2005. She has never married but has a cohabitant and one minor child. She was on maternity leave from June to September 2023, when she decided not to return to her employer. Although she reported being unemployed from March to April 2024, it appears her period of unemployment likely started after she chose not to return to work in September 2023. She has worked for her current employer since April 2024. (Items 2-4)

On her May 2024 SCA, she answered "No" to a set of questions under Section 26 – Financial Record, which asked questions regarding delinquencies involving routine accounts. This section included questions such as whether, in the last seven years, she had any bills or debts turned over to a collection agency or any accounts or credit cards suspended, charged off, or cancelled for failing to pay as agreed. Her May 2024 credit bureau report reflects all the delinquent debts alleged in SOR ¶¶ 2.a-2.d. (Items 2, 6)

Applicant had a background subject interview (SI) with a government investigator in August 2024. She told the investigator that, within the last seven years, she had not had any accounts sent to collection, been 120 days delinquent on any debt, nor was she currently delinquent on any debt. She had to be confronted with the accounts listed on SOR ¶¶ 2.a-2.d, all of which she recognized. She stated SOR ¶¶ 2.a-2.b were personal loans used for home improvements. She explained that she fell behind on them due to high interest rates. She stated SOR ¶¶ 2.c-2.d were credit cards used for daily expenses. They accumulated high balances which she could not afford due to a lack of income and high interest rates. (Items 3, 4)

In her SI, Applicant explained that she did not list the accounts on her SCA because she was embarrassed and did not want her employer to find out. She also did not admit them to the investigator when questioned because she did not think the investigator was aware of the debts. She admitted that she "omitted and tried to conceal these accounts" but after being confronted, she "accepts her faults" and said she would attempt to settle her debts as soon as possible. She told the investigator that she had spoken with a debt consolidation service and was considering filing for bankruptcy. (Items 3, 4)

In her January 2025 response to Government interrogatories, Applicant reported that she had not paid any of her delinquent debts. She explained that they became delinquent when she enrolled them in a debt consolidation program and was told to stop paying them so the program could negotiate with the creditors. While unemployed after giving birth to her daughter, she fell behind on the payments to the program. She did not provide documentation of the program or the advice. She attached an unsigned agreement for legal services from a bankruptcy attorney who she said was helping her file a Chapter 7 bankruptcy petition. (Item 5)

Applicant filed for Chapter 7 bankruptcy on January 9, 2025, with approximately $78,248 in unsecured claims. SOR ¶¶ 2.a-2.e are all listed on the petition, along with one smaller debt, as creditors who have unsecured claims. Her monthly net income is calculated to be $3.34. She received credit counseling on January 9, 2025, from her bankruptcy attorney. (Items 7-8)

In her Answer, Applicant admitted the falsification allegation but stated it was "not intentional" and that she was "embarrassed to disclose that." Regarding her debts, she reported that her bankruptcy was discharged on April 23, 2025, and she provided the discharge order.

Policies

This case is adjudicated under Executive Order 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; 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) implemented by the DOD on June 8, 2017.

"[N]o one has a 'right' to a security clearance." *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). As Commander in Chief, the President has the authority to "control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information." *Id.* at 527. The President has authorized the Secretary of Defense or his designee to grant applicants eligibility for access to classified information "only upon a finding that it is clearly consistent with the national interest to do so." Exec. Or. 10865 § 2.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, an administrative judge applies these guidelines in conjunction with an evaluation of the whole person. An administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available and reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. Decisions include, by necessity, consideration of the possible risk that the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about potential, rather than actual, risk of compromise of classified information.

Clearance decisions must be made "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." Exec. Or. 10865 § 7. Thus, a decision to deny a security clearance is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense have established for issuing a clearance.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. *See Egan*, 484 U.S. at 531. "Substantial evidence" is "more than a scintilla but less than a preponderance." *See v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant's security suitability. *See* ISCR Case No. 15-01253 at 3 (App. Bd. Apr. 20, 2016).

Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant has the burden of proving a mitigating condition, and the burden of disproving it never shifts to the Government. *See* ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005).

An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531.

Analysis

Guideline E, Personal Conduct

The security concern under this guideline is set out in AG ¶ 15:

> Conduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information. Of special interest is any failure to cooperate or provide truthful and candid answers during national security investigative or adjudicative processes. . . .

The following disqualifying conditions are relevant to this case:

> AG ¶16(a): deliberate omission, concealment, or falsification of relevant facts from any personnel security questionnaire, personal history statement, or similar form used to conduct investigations, determine employment qualifications, award benefits or status, determine national security eligibility or trustworthiness, or award fiduciary responsibilities; and
>
> (b) deliberately providing false or misleading information; or concealing or omitting information, concerning relevant facts to an employer, investigator, security official, competent medical or mental health professional involved in making a recommendation relevant to a national security eligibility determination, or other official government representative;

Applicant deliberately failed to disclose her delinquent debts on her SCA and in her SI. Her explanation that it was “not intentional” is inconsistent with her admission in her SI, and repeated in her Answer, that she intentionally omitted the accounts because she was embarrassed. She stated in the SI that she did not want her employer to find out and she tried to conceal them because she did not think the investigator was aware of them. AG ¶¶16(a) and (b) are established.

The following mitigating conditions are relevant:

> AG ¶ 17(a): the individual made prompt, good-faith efforts to correct the omission, concealment, or falsification before being confronted with the facts; and
>
> AG ¶ 17(c): the offense is so minor, or so much time has passed, or the behavior is so infrequent, or it happened under such unique circumstances that it is unlikely to recur and does not cast doubt on the individual’s reliability, trustworthiness, or good judgment.

AG ¶ 17(a) is not established. Applicant did not attempt to correct this omission and had to be confronted with information that the interviewer had during the SI.

AG ¶ 17(c) is not established. Applicant’s deliberate falsification of material facts on her SCA was recent, it was repeated in the SI, and it did not occur under unique circumstances. It is not minor, because it undermined the integrity of the adjudication of her SCA. Falsification of an SCA “strikes at the heart of the security clearance process.” ISCR Case No. 09-01652 (App. Bd. Aug. 8, 2011).

Guideline F, Financial Considerations

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

> Failure to live within one's means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual's reliability, trustworthiness, and ability to protect classified or sensitive information. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental health conditions, substance misuse, or alcohol abuse or dependence. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds.

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

Applicant fell behind on her debts several years ago due to a lack of income and high interest rates. She attempted to resolve them through a debt consolidation program but fell behind on those payments once she decided to leave her job after the birth of her child. She has now successfully completed Chapter 7 bankruptcy, including mandatory financial counseling, and it appears all the alleged debts have been discharged. That being said, AG ¶¶ 20(c) and 20(d) only partially apply—an applicant must do more than merely show that he or she relied on a legally available option such as bankruptcy in order to claim the benefit of mitigation. ISCR Case No. 02-30304 at 3 (App. Bd. Apr. 20, 2004).

Questions remain about Applicant's financial history and her financial future. Discharge of a debt in bankruptcy does not preclude consideration of an applicant's history of financial problems, nor is it a substitute for a demonstrated track record of financial reform and rehabilitation. ISCR Case No. 02-06703 at 2 (App. Bd. Feb. 25, 2004). She enrolled in a debt consolidation program years ago, and leaving her job after having a child meant that she could no longer afford to pay into the program. Having a child and voluntarily leaving employment are not conditions largely beyond a person's control. AG ¶ 20(b) does not apply. Her net monthly remainder is less than $5 a month and there is no evidence of steps she has taken or changes she has made to avoid future financial issues. Furthermore, there is no evidence in the record after April 2025, so there is no evidence of a track record of financial reform and rehabilitation after her bankruptcy discharge. Given these lingering questions, I cannot conclude that the behavior occurred under such circumstances that it is unlikely to recur and that it does not cast doubt on her current reliability, trustworthiness, or good judgment. AG ¶ 20(a) is not established.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. In applying the whole-person concept, an administrative judge must evaluate an applicant's eligibility for a security clearance by considering the totality of the applicant's conduct and all relevant circumstances. An administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

> (1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

I have incorporated my comments under Guidelines E and F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). Because Applicant requested a determination on the record without a hearing, I had no opportunity to evaluate her credibility and sincerity based on demeanor. *See* ISCR Case No. 01-12350 at 3-4 (App. Bd. Jul. 23, 2003). After weighing the disqualifying and mitigating conditions under Guidelines E and F and evaluating all the evidence in the context of the whole person, I conclude that Applicant has not mitigated the security concerns raised by her personal conduct and financial considerations.

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 E:	AGAINST APPLICANT
Subparagraph 1.a:	Against Applicant
Paragraph 2, Guideline F:	AGAINST APPLICANT
Subparagraphs 2.a-2.f:	Against Applicant

Conclusion

I conclude it is not clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is denied.

A. M. Driskill
Administrative Judge