DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01127
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Aubrey M. DeAngelis, Esq., Department Counsel
For Applicant: *Pro Se*

05/28/2026

Decision

HOGAN, Erin C., Administrative Judge:

This case involves 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 October 20, 2024. On September 16, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent her a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DCSA acted under Executive Order (EO) 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.

Applicant timely answered the SOR on October 8, 2025, and requested a decision based on the written record in lieu of a hearing. On January 26, 2026, the Government sent Applicant a complete copy of its written case, a file of relevant material (FORM), including pleadings and evidentiary documents identified as Items 1 through 9. She was given an opportunity to submit a documentary response setting forth objections, rebuttal, extenuation, mitigation, or explanation to the Government's evidence. She received the

FORM on February 18, 2026. She was given 30 days to submit a response to the FORM. She did not submit a response to the FORM. The case was forwarded to the Defense Office of Hearings and Appeals (DOHA) Hearing Office on March 25, 2026, and assigned to me on May 1, 2026.

Evidentiary Matters

Items 1 and 3 contain the pleadings in the case and are part of the record. Items 4 through 9 are admitted into evidence without objection.

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

Findings of Fact

Applicant, age 31, is an employee of a government contractor since October 2024 who is seeking a security clearance. Applicant's periods of unemployment include January 2023 to September 2023 and November 2019 to October 2022. She has no military service. She is married and has four minor children, ages 11, 6, 4, and 2. (Item 3)

The SOR alleged:

SOR ¶ 1.a: Applicant owes a $19,219 delinquent automobile loan that was placed for collection. (Item 4 at 35-36; Item 5 at 3,13; Item 6 at 4; Item 7 at 2; Item 8 at 2; Item 9 at 4); and

SOR ¶ 1.b: Applicant owes a $4,856 delinquent loan that was placed for collection. (Item 4 at 35-36; Item 5 at 4,15; Item 6 at 5; Item 7 at 2; Item 8 at 2; Item 9 at 4)

On her October 2024 SCA, in response to Section 26 – Financial Record, Applicant answered, "Yes." She indicated that she had delinquent loans with a credit union. Her loans became delinquent because she lost her job and has not worked for the past five years. She was in the process of finding work so she could pay off her debt. (Item 4 at 34)

On February 12, 2025, Applicant was interviewed as part of her background investigation. She told the investigator that she had several debts that were delinquent for more than 120 days. The debts included the $19,219 delinquent car loan that was placed for collection in 2019 (SOR ¶ 1.a) and the $4,856 delinquent loan that was placed for collection. Applicant took out this loan to be used for a down payment on her first apartment lease. (SOR ¶ 1.b) (Item 6 at 4-5)

In response to DOHA interrogatories, signed by Applicant on June 20, 2025, Applicant indicated that she was on medical leave, and she was cleared to go back to work on July 14, 2025, and that as soon as she returned to work, she intended to start payment plans for the debts alleged in SOR ¶¶ 1.a and 1.b. She started working for her current employer on October 2024, and has been trying to get her financial situation back on track. She listed her net monthly income as $3,600; her spouse's net salary is $3,000; and she receives child support of $804 each month. Their total net monthly income was $7,404. Their total monthly expenses were approximately $5,998. They have approximately $1,406 in income after expenses. (Item 5 at 7-8)

Applicant indicated she had not resolved the debts that are alleged in SOR ¶¶ 1.a and 1.b. She provided proof that on July 24, 2025, she entered into an agreement to settle the $19,219 debt owed in SOR ¶ 1.a by making monthly payments of $228 each month until July 1, 2029 (Item 5 at 13), and another agreement to settle the debt alleged in SOR ¶ 1.b by making monthly payments of $135 each month starting on August 1, 2025 and ending on September 1, 2026. (Item 5 at 13,15)

In her response to the SOR, Applicant acknowledged the concerns raised by her delinquent loans. The primary reason her loans became delinquent was that she was unemployed for an extended period of time. She had a few jobs during this period, but her income was not sufficient to cover both living expenses and loan payments. Her priority during times of unemployment and under-employment was to ensure that her children's basic needs were met. She had no income to pay the loan payments. She endured financial hardship beyond her control. She has taken steps to resolve the matter. After being hired by her current employer, she entered into a payment plan and is committed to honoring that agreement. Her current employment provides the stability that she needs to keep up with payments and she is actively working towards financial responsibility. (Item 3)

Applicant provided a copy of her payment history in response to the SOR. It is noted that her first two payments on August 1, 2025, for both debts ended up being rejected due to insufficient funds. She has continued to make payments. As of Applicant's most recent credit report dated January 19, 2026, the current balance of the $19,219 debt alleged in SOR ¶ 1.a is $17,847 (a reduction of $1,372) and the balance of the $4,856 debt alleged in SOR ¶ 1.b is now $4,047 (a reduction of $809). (Item 3; Item 9 at 4)

Applicant provided proof that she resolved two debts that are not alleged in the SOR. One debt was a $1,182 collection account related to late rent. She provided proof that debt was resolved. (Item 5 at 4,14) The second debt was a $334 account that was charged off. The debt was settled in May 2025 for the lesser amount of $200.69. (Item 5 at 4,12)

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." (*Egan* 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." (EO 10865 § 2)

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the AG. 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." (EO 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. (*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. 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. (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; AG ¶ 2(b))

Analysis

Guideline F: Financial Considerations

The concern under this guideline is set out in AG ¶ 19:

> 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, 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. (ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012)).

AG ¶ 19 notes several disqualifying conditions that could raise security concerns. The disqualifying condition that is relevant to Applicant's case is:

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

AG ¶ 19(a) and ¶ 19(c) apply. Applicant has a history of incurring delinquent debt. She was unable to pay the debts due to periods of unemployment, under-employment, and the costs of raising her four children.

AG ¶ 20 describes conditions that could mitigate security concerns. The following are potentially applicable in this case:

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

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). 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).

AG ¶ 20(b) applies because circumstances beyond Applicant's control contributed to her inability to pay her debts. Since 2019, she has endured several periods of unemployment or under-employment. She was finally able to begin to resolve her delinquent accounts when she was hired in her current position in October 2024. She has started to resolve her delinquent accounts and is on payment plans for her last two delinquent accounts.

AG ¶ 20(d) applies because Applicant entered into repayment agreements with the debts alleged in SOR ¶¶ 1.a and 1.b. It will take some time, but she is making payments towards both repayment agreements. I also note that she resolved two debts that were not alleged in the SOR. She demonstrated that she is serious about resolving her debts. Overall, Applicant mitigated the concerns raised under Financial Considerations.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether the granting or continuing of national security eligibility is clearly consistent with the interests of national security must be an overall commonsense judgment based upon careful consideration of the adjudicative guidelines, each of which is to be evaluated in the context of the whole person. 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 Guideline F in my whole-person analysis, and I have considered the factors in AG ¶ 2(d). Applicant is the mother of four young children and has been unemployed or under-employed over a period of five years. Once she found a full-time position with her current employer, she began to resolve her delinquent accounts. She paid off two delinquent accounts that were not alleged in the SOR, entered into payment plans with her two remaining delinquent accounts, and is making payments towards both plans. She is making a good-faith effort to resolve her delinquent debts. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude that Applicant mitigated the security concerns raised under financial considerations.

Formal Findings

Formal findings 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.b: For Applicant

Conclusion

I conclude that it is clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Clearance is granted.

Erin C. Hogan
Administrative Judge