DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00735
	)	
Applicant for Security Clearance	)	

Appearances

For Government: George A. Hawkins, Esq., Department Counsel
For Applicant: *Pro se*

07/10/2026

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Decision

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LAFAYE, Gatha, Administrative Judge:

Applicant provided sufficient evidence to mitigate security concerns raised under Guideline E (personal conduct) but failed to mitigate security concerns under Guideline F (financial considerations). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on October 7, 2024. On August 12, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) alleging security concerns under Guidelines F and E. Applicant answered the SOR (Answer) on August 30, 2025, and requested a hearing before an administrative judge. The case was assigned to me on January 16, 2026.

On January 30, 2026, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that her hearing was scheduled to be conducted by video teleconference on March 24, 2026. The hearing was convened as scheduled. At the hearing, the Government offered eight exhibits, Government Exhibit (GE) 1 through GE 8, which were admitted in evidence without objection.

Applicant testified at the hearing and did not offer any documentary evidence. She requested additional time to allow her to submit evidence. I initially left the record open until April 7, 2026. However, in consideration of her 12-hour swing shift work schedule, I extended the record closure date, *sua sponte*, to close of business April 24, 2026. No evidence was received from Applicant, and the record closed on April 24, 2026. DOHA received the hearing transcript (Tr.) on April 2, 2026.

Findings of Fact

In her Answer, Applicant admitted all allegations in the SOR, ¶¶ 1.a - 1.p and 2.a. Her admissions are incorporated in my findings of fact. After thorough review of the pleading, evidence, and testimony at the hearing, I make the following additional findings of fact.

Applicant is 53 years old. She earned her high school diploma in 1989, enrolled in college in 2005 and earned an associate degree in medical lab technology in 2008. She married in 1993, separated in 2019, and divorced in 2021. Applicant and her ex-husband have two adult children, both in their early 30s. Applicant said she is currently the custodial parent of her six-year-old granddaughter due to her daughter's drug addiction problems. (GE 1, 3; Tr. 23-26)

Applicant has worked as a lab tech for a Department of Defense (DOD) contractor since September 2024. She previously worked as a medical lab tech for a private medical group from September 2004 until she was fired in July 2024 for falsification of work time, alleged in SOR ¶ 2.a, and the sole allegation under Guideline E. Her previous employer provided proof she entered her work center at a different time than when she logged in. She had received formal written counseling for falsification of work time in November 2021, which informed her she would be terminated if the issue occurred again. Up until that time, she had been a well-regarded employee for nearly 20 years. She consistently received raises for the 16 years her former employer approved across-the-board raises of three percent. (GE 1, 3, 4; Tr. 45-49)

Regarding her firing, Applicant explained that her granddaughter was required to be tested for COVID exactly three days before a surgery. She took her granddaughter inside her medical center for a COVID swab, returned the child to the daycare center located next door, and returned to her place of duty. (GE 1, 3, 4; Tr. 16, 45-49) She said she did not know her actions violated company rules, stating:

> [During] my time with [employer] for 20 years, the rule was that if you were doing work for a [medical group] provider you were to do that while on the time clock. I clocked in. I swabbed patient [granddaughter] for COVID (pre-surgery test) then dropped [granddaughter] by daycare facility before going back to work. I was then told because that was a family member that it was against rules. I was then let go for false time-clock documentation. (GE 3 at 2)

From 2019 to 2024, Applicant experienced a series of difficult life circumstances. Her father was diagnosed with cancer in 2019, and she became his primary caretaker. He passed away in 2020 during COVID, not long after his original diagnosis. (Tr. 15-16, 52)

In August 2019, Applicant's husband of nearly 30 years announced he was leaving her. A month later, he moved out of the marital home and left her with all their debt. She explained that their debts were in her name because her husband's income from his business as a logger was inconsistent. She said he agreed in a separation agreement he prepared, to pay half the mortgage every month, but he never did. (Tr. 38-40, 55)

In 2020, Applicant was the primary caretaker of her mother, who was bedridden after contracting the COVID virus. Her mother passed away in January 2023. During this period of great loss, she said her daughter had a baby, her first grandchild, and then became addicted to drugs. After this, she said her sole focus was saving her granddaughter from foster care. She raised $2,500 through yard sales and the like to hire a lawyer to help fight for custody of her granddaughter, and she won. Though her daughter has participated in seven drug rehabilitation programs, her daughter continues to struggle with drug addiction, and her grandchild remains in her custody. (Tr. 16-24)

Applicant completed her first SCA in October 2024. In Section 26 (financial record) of the SCA, she disclosed having a single delinquent debt of $17,000, which involved land. She said the issue started in November 2020, was unresolved, and that she was "working on [getting] debt relief." The creditor had filed a civil lawsuit seeking recovery, to which she commented:

> I have not taken any action yet. I received this notice while I was unemployed. I will begin debt relief once I start getting [a] paycheck now with [new employer]. (GE 1 at 26)

Under Guideline F, the SOR alleges 16 financial considerations security concerns, which are supported by Applicant's admissions and statements in the SCA, background interviews, responses to DCSA and DOHA interrogatories, court records, and three credit bureau reports (GE 1-8).

SOR ¶¶ 1.a – 1.c allege delinquent debts owed to the same creditor identified in the SCA. The debts alleged in SOR ¶¶ 1.a and 1.b represent the same underlying financial obligation, initially alleged as a delinquent account (SOR ¶ 1.a) and later alleged as a judgment (SOR ¶ 1.b). The debt in SOR ¶ 1.a is multiplicious and reflects a "0" balance as of March 2026. It is resolved in Applicant's favor. (GE 8 at 1; Tr. 53-59)

The judgments in SOR ¶¶ 1.b and 1.c were discussed during the hearing. Applicant has not contacted the creditor or the court; nor has she paid or established a payment plan for the $16,511 debt in SOR 1.b. She said her pay was garnished for the $5,042 judgment in SOR ¶ 1.c, and claimed the debt was fully satisfied. She said she would provide proof of satisfaction, but no supporting evidence was provided. (GE 1-3, 5-8; Tr. 62-69)

SOR ¶¶ 1.d – 1.o allege delinquent debts totaling about $15,500, owed to various creditors, which Applicant admitted. She said she could not address any of the debts alleged in SOR ¶¶ 1.d – 1.o due to the personal issues described above. She admitted being aware she owed several creditors for debts in 2020 but said her creditors did not start contacting her for past due payments until 2023. She has focused entirety on paying her mortgage and said she did not communicate with any of the creditors in SOR ¶¶ 1.d – 1.o. These debts are unresolved. (Tr. 50-60)

SOR ¶ 1.p alleges a delinquent debt totaling $7,057, which Applicant said is the mortgage on her mobile home. She fell behind on payments when her ex-husband left her in September 2019, and though he committed to paying half the mortgage in the separation agreement, he never did. She said her ex-husband previously contributed $500 weekly to the family budget but stopped all contributions when he moved out, which removed $2,000 from the monthly budget. (Tr. 15, 20, 35-38, 50-60)

Applicant said she remained in close contact with her mortgage creditor after she fell behind on payments. The creditor worked with her, and she paid what she could and eventually caught up on her mobile home mortgage. In February 2026, she paid the mortgage in full using funds from her annual bonus. (Tr. 15, 20, 35-36, 50-60) The March 2026 credit bureau report reflects a "0" balance on the debt. (GE 8 at 1) This debt is resolved.

Applicant described her current financial situation as stable. She earns about $10,000 more annually than in her last position. In May 2025, she said she has $1,229 remaining after paying bills and expenses. (GE 2 at 11) She completed her monthly mortgage payments of $571 in February 2026 and now owns her mobile home outright, which increases her monthly discretionary income to about $1,799. (Tr. 50-60)

Applicant said she contributes four percent to her employer-based 401(k) retirement plan and the employer matches this with three percent contributions. She inherited her father's 2017 truck, which she owns outright. She originally planned to file for bankruptcy using a legal group plan she purchased through her employer. She pays eight dollars per pay period to remain in the plan. She said she completed the bankruptcy paperwork but has not filed because her bankruptcy attorney is not yet listed in the employer's group plan. She said it takes about a year to add him to the plan. Applicant is considering filing for bankruptcy but before doing so, she said she would seek her attorney's advice on how filing for bankruptcy might impact her national security eligibility if she were granted a security clearance. She has not received any financial counseling. (GE 2; Tr. 71-74)

Policies

This case is adjudicated under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG), which became effective on June 8, 2017.

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's eligibility for access to classified information.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines in conjunction with the factors listed in the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), the entire process is a conscientious scrutiny of a number of variables known as the "whole-person concept." The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that "[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security."

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, the applicant is responsible for presenting "witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by the applicant or proven by Department Counsel." The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

Section 7 of EO 10865 provides that adverse decisions shall be "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." *See also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F: Financial Considerations

The security concern for financial considerations is set out in AG ¶ 18:

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

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

The guideline notes conditions that could raise security concerns under AG ¶ 19. The following are applicable in this case:

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

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

> (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.

AG ¶¶ 20(a) and 20(c) are not established. Applicant's delinquent debts are recent, ongoing, and most of the debts in the SOR are unresolved except the mortgage debt in SOR ¶ 1.p and the multiplicious debt in SOR ¶ 1.a, which was resolved in her favor. She met with a bankruptcy attorney and completed the initial paperwork for filing bankruptcy but said she has not received any financial counseling.

AG ¶ 20(b) is not fully established. Though Applicant experienced difficult life-changing circumstances from 2019 to mid-2024 that negatively impacted her ability to repay her debts, except the debt affirmatively resolved in SOR ¶ 1.p, she did not make any attempt to negotiate or repay her other debts after her circumstances changed, an action that was not responsible under the circumstances. She has not contacted most of her creditors as of this date.

Applicant maintained stable, long-term employment throughout the period of difficulty, up until she was fired in July 2024. She was unemployed for just two months before finding a new position in her field that paid her $10,000 more annually. She has about $1,700 remaining each month after completing all payments on her mortgage. Though she has excess funds remaining each month, she focused solely on repaying the creditor in SOR ¶ 1.p. She has not initiated a good faith effort to repay her past due accounts, nor has she made an effort to communicate with her other creditors. She also disclosed her plan to file for bankruptcy to resolve past due debts but said she is not sure she will. Filing for bankruptcy does not stop this tribunal from evaluating the circumstances surrounding an applicant's conduct in incurring and failing to satisfy debts in a timely manner. It has been held that an applicant must do more than show 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).

Under AG ¶ 20(d), Applicant's statements and the "0" remaining balance in SOR ¶ 1.p are sufficient to mitigate the debt. As mentioned previously, the underlying debt in SOR ¶ 1.a and 1.b are the same and SOR ¶ 1.a is decided in Applicant's favor. Regarding the judgment in SOR ¶ 1.c, Applicant said her pay was garnished and the debt was fully paid, but she did not provide documentation to support her assertion.

Overall, Applicant has not provided sufficient evidence to mitigate financial considerations security concerns in this case. I am unable to find that she acted responsibly under the circumstances or that she made a good faith effort to pay her delinquent debts. Her financial issues continue to cast doubt on her current reliability, trustworthiness, and judgment. I find that financial considerations security concerns remain in this case despite the presence of some mitigation.

Guideline E, Personal Conduct

The security concern under this guideline is described 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.

AG ¶ 16 describes conditions that could raise a security concern and may be disqualifying. Based on the evidence in this case, the following disqualifying condition is applicable:

> (d) credible adverse information that is not explicitly covered under any other guideline and may not be sufficient by itself for an adverse determination, but which, when combined with all available information, supports a whole-person assessment of questionable judgment, untrustworthiness, unreliability, lack of candor, unwillingness to comply with rules and regulations, or other characteristics indicating that the individual may not properly safeguard classified or sensitive information. This includes, but is not limited to, consideration of: (3) a pattern of dishonesty or rule violations.

AG ¶ 17 provides conditions that could mitigate security concerns. The following are potentially applicable:

> (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;
>
> (d) the individual has acknowledged the behavior and obtained counseling to change the behavior or taken other positive steps to alleviate the stressors, circumstances, or factors that contributed to untrustworthy, unreliable, or other inappropriate behavior, and such behavior is unlikely to recur; and
>
> (e) the individual has taken positive steps to reduce or eliminate vulnerability to exploitation, manipulation, or duress.

Applicant admitted she was fired from her position after nearly 20 years on the job. She disclosed her firing in the SCA and discussed the details of the event that led to her firing in her background interview with the DOD investigator and during the hearing. With the tumultuous events occurring between 2019 and mid-2024, Applicant was understandably doing the best she could to keep everything going. She admitted she falsified her timecard to hide the fact she was late due to the enormous pressures she was experiencing in her personal life. After she received written counseling for timecard falsification in November 2021, she adhered to the rules and avoided further violations for nearly three years before she was let go in July 2024.

Applicant's assertion that she did not believe her actions in July 2024 violated company rules is credible given her three-year adherence to the rules after her written counseling in 2021.

> [During] my time with [employer] for 20 years, the rule was that if you were doing work for a [medical group] provider you were to do that while on the time clock. I clocked in. I swabbed patient [granddaughter] for COVID (pre-surgery test) then dropped [granddaughter] by daycare facility before going back to work. I was then told because that was a family member that it was against rules. I was then let go for false time-clock documentation.

AG ¶¶ 17(c), 17(d), and 17(e) are established and SOR ¶ 2.a is mitigated. Applicant's firing for timecard falsification happened under unusual circumstances that are unlikely to recur and does not cast doubt on her reliability, trustworthiness, or judgment. She acknowledged and fully disclosed her behavior and took positive steps to alleviate stressors that caused the problem. Her mother passed away in 2023 and she was awarded physical custody of her granddaughter in 2024. She accepted a new job that pays her $10,000 more annually. She also disclosed she was fired for timecard falsification to her new employer and other Federal officials in the adjudicative process, and in doing so, she minimized or eliminated the risk of vulnerability to exploitation, manipulation, or duress.

Whole-Person Analysis

Under the whole-person concept, the administrative judge must evaluate an Applicant's security eligibility by considering the totality of the Applicant's conduct and all the 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.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guidelines F and E in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. She mitigated the personal conduct security concern but did not mitigate the financial considerations security concerns and thus has not carried her burden of showing it is clearly consistent with the national interest to grant her eligibility for access to classified information.

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 continued effort to establish and maintain her financial responsibility, she may well be able to demonstrate persuasive evidence of her security clearance worthiness.

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, 1.p:	For Applicant
Subparagraphs 1.b - 1.o:	Against Applicant
Paragraph 2, Guideline E:	FOR APPLICANT
Subparagraph 2.a:	For Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Gatha LaFaye
Administrative Judge