DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01248
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Karen Moreno-Sayles, Esq., Department Counsel

For Applicant: *Pro se*

06/16/2026

Decision

ROSS, Wilford H., Administrative Judge:

Applicant did not mitigate the security concerns arising from her delinquent debts. Eligibility for access to classified information is denied.

Statement of the Case

On September 30, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (Financial Considerations). The action was taken 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) implemented by the DOD on June 8, 2017.

Applicant responded to the SOR in writing (Answer) on October 8, 2025, and requested a hearing before an administrative judge. Department Counsel was prepared to proceed on December 30, 2025. The case was assigned to me on January 13, 2026. The Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on January 14, 2026. I convened the hearing as scheduled on March 25, 2026. Department Counsel offered Government Exhibits 1 through 6, which were admitted without objection.

Applicant testified on her own behalf. She asked that the record remain open until April 24, 2026, for the receipt of additional documentation. No additional documentation was received from Applicant. DOHA received the transcript of the hearing (Tr.) on April 8, 2026. The record closed on April 24, 2026.

Findings of Fact

Applicant is 58 years old, single, and has one child. She is a high school graduate and has taken several college courses. She has been employed by a defense contractor as a manufacturing technician since approximately January 2025. (Government Exhibit 1 at Sections 12, 17; Government Exhibit 2 at 6-7; Tr. 5- 6.)

Paragraph 1 (Guideline F, Financial Considerations)

The Government alleges in this paragraph that Applicant is ineligible for clearance because she is financially overextended and therefore potentially unreliable, untrustworthy, or at risk of having to engage in illegal acts to generate funds. Applicant admitted all the allegations (SOR 1.a through 1.p) with explanations.

Based on the available documentary evidence Applicant is alleged to owe approximately $37,950 in past-due or charged-off consumer debts. The Government provided credit reports of Applicant dated October 1, 2024; August 21, 2025; and December 22, 2025, supporting the existence of the debts. (Government Exhibits 4, 5, and 6.) The debts are also supported by her admissions to an authorized investigator from the Office of Personnel Management during an interview on December 23, 2024. (Government Exhibit 2.) The debts are also supported by her answers to interrogatories propounded to her by DCSA dated June 25, 2025. (Government Exhibit 3.)

Concerning her debts Applicant testified:

> I incurred that debt because I overextended myself, and I did speak to the creditors. But, it wasn’t feasible because I had so many open debts. I tried to set up payment plans with them. But, they wanted a certain amount for each credit card, and I tried. I really tried to work with them. But, by the time I was making all these payments, I couldn’t pay my utilities. I was left without being able to buy food for pets and things like that. (Tr. 11.)

Applicant further testified that she is working with a lawyer to file for Chapter 7 bankruptcy. This would be her second bankruptcy. She had previously filed for Chapter 7 relief in 2008. She is currently making payments to the lawyer for his fee. Once that fee is paid the bankruptcy will be finalized. (Tr. 23-25.)

The current status of the debts alleged in the SOR is as follows:

1.a. Applicant admitted that she owes a credit card issuer $9,200 for a charged-off debt. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 26-27.)

1.b. Applicant admitted that she owes a different credit card issuer $7,131 for a charged-off debt. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 27-28.)

1.c. Applicant admitted that she owes Collection Agency One $5,524 for a debt placed in collection. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 28.)

1.d. Applicant admitted that she owes a bank $4,416 for a charged-off credit card debt. The most recent credit report in the record states this account is "Settled," with the further description, "Account paid in full for less than full balance." Based on the available evidence this debt has been resolved. This subparagraph is found for Applicant. (Government Exhibit 6 at 2; Tr. 29.)

1.e. Applicant admitted that she owes Collection Agency Two $2,448 for a debt placed in collection. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 29-30.)

1.f. Applicant admitted that she owes Collection Agency Two $1,952 for a debt placed in collection. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 29-30.)

1.g. Applicant admitted that she owes a bank $1,850 for a debt placed in collection. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 30.)

1.h. Applicant admitted that she owes Collection Agency One $1,076 for a charged-off debt. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 28.)

1.i. Applicant admitted that she owes Collection Agency One $802 for a debt placed in collection by Bank A. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 28.)

1.j. Applicant admitted that she owes Collection Agency One $802 for a debt placed in collection by Bank B. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 28.)

1.k. Applicant admitted that she owes this creditor $644 for a charged-off debt. Applicant testified that she attempted to resolve this debt but was unsuccessful. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 30-32.)

1.l. Applicant admitted that she owes Collection Agency Two $622 for a debt placed in collection. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 29.)

1.m. Applicant admitted that she owes this creditor $556 for a charged-off debt. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 32.)

1.n. Applicant admitted that she owes Collection Agency One $495 for a debt placed in collection. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 28.)

1.o. Applicant admitted that she owes a creditor $348 for a charged-off credit card debt. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 32.)

1.p. Applicant admitted that she owes a creditor $84 for a mobile telephone debt that has been placed for collection. No recent payments have been made on this debt, and she has no plans to make payments. This debt is not resolved. (Tr. 32-33.)

Policies

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

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with the factors listed in AG ¶ 2 describing the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. The entire process is a conscientious scrutiny of applicable guidelines in the context 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, "Any doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security." In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to 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, and has the ultimate burden of persuasion as to obtaining a favorable clearance 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 national security eligibility. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified or sensitive information. Finally, as emphasized in Section 7 of Executive Order 10865, "Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." *See also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

Analysis

Paragraph 1 (Guideline F, Financial Considerations)

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

> 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 describes two conditions that could raise security concerns and may be disqualifying in this case:

(a) inability to satisfy debts; and

(c) a history of not meeting financial obligations.

Applicant has fifteen delinquent consumer debts totaling approximately $37,950 that she has not paid (SOR 1.a to 1.c, 1.e to 1.p). As stated above, SOR 1.d is found for

Applicant. AG ¶¶ 19(a) and (c) apply to the remaining debts. The burden thereby shifts to Applicant to mitigate the adverse inference of her delinquent debts.

The guideline includes four conditions in AG ¶ 20 that could mitigate the security concerns arising from Applicant's alleged financial difficulties:

> (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, or 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.

Applicant has had financial issues for several years. With one exception, she has not settled any of the debts in the SOR. There is insufficient evidence for me to determine the true extent of her indebtedness and how she intends to resolve it. None of the mitigating conditions fully apply. Based on all of the available evidence, Applicant has not mitigated the security concerns of this guideline.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility by considering the totality of the applicant's conduct and all relevant 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), the ultimate determination of whether to grant national security 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 pertinent facts and circumstances surrounding this case. Applicant is not currently eligible for national security eligibility because of her unresolved financial situation. Paragraph 1 is found against Applicant.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a through 1.c:	Against Applicant
Subparagraph 1.d:	For Applicant
Subparagraphs 1.e through 1.p:	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with the national interest to grant or continue Applicant's national security eligibility for a security clearance. Eligibility for access to classified information is denied.

WILFORD H. ROSS
Administrative Judge