DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	ISCR Case No. 26-00387
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Andre M. Gregorian, Esq., Department Counsel
For Applicant: *Pro se*

09/01/2026

Decision

FOREMAN, LeRoy F., Administrative Judge:

Applicant did not mitigate the 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 July 28, 2025. On April 28, 2026, the Defense Counterintelligence and Security Agency (DCSA) sent her a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant answered the SOR on June 8, 2026, and requested a decision on the written record in lieu of a hearing. Department Counsel submitted the Government's written case on July 8, 2026. A complete copy of the file of relevant material (FORM) was sent to Applicant, who was given an opportunity to file objections and submit material to refute, extenuate, or mitigate the Government's evidence. She received the FORM on July 9, 2026, and responded. The case was assigned to me on August 26, 2026.

The Government's FORM consists of the SOR (Government Exhibit (GE) 1), Applicant's answer to the SOR (GE 2), and the documents in support of the allegations in the SOR (GE 3-9). GE 3 through 9 are admitted into evidence, without objection. Applicant's Answer and response to the FORM (Response), in which she attached a July 2026 credit bureau report (CBR) and documents evidencing proof of payments toward certain debts, are admitted into evidence without objection.

Findings of Fact

The SOR alleges under Guideline F that Applicant filed for bankruptcy relief in federal court on two separate occasions, a Chapter 7 in 2005 and a Chapter 13 in 2022 (SOR ¶¶ 1.a, 1.c). It also alleges that she has 12 delinquent consumer accounts that total approximately $27,000 (SOR ¶¶ 1.d-1.o). She was granted a security clearance in October 2012 with a warning that failure to resolve her delinquent debts or other subsequent unfavorable information may result in the suspension of her security clearance (SOR ¶ 1.b). In her answer, she admits all the allegations except for SOR ¶¶ 1.b, 1.k, 1.l, and 1.o, which she denies. (GE 1; GE 2)

Applicant is 49 years old, has no military service, and earned a bachelor's degree in 2012. She was married in 2013, divorced in 2021, and has one adult child. She has worked for various federal government contractors at different times since 2001. She has been employed by her current sponsor since April 2020. (GE 3) She was previously granted eligibility for a security clearance in October 2012, with a warning, as detailed above. (GE 3 at 34-35; GE 5)

Applicant has a lengthy history of financial problems dating back to at least 2004. In February 2005, she filed a voluntary petition for bankruptcy under Chapter 7. Her debts were discharged by order of the bankruptcy court in May 2005. (GE 4) In September 2022, she filed a voluntary petition for bankruptcy under Chapter 13. A repayment plan was accepted by the court in 2023 and amended in 2024. In July 2024, the bankruptcy trustee petitioned the court to dismiss the matter based on Applicant's failure to make plan payments. The order was granted in August 2024, and the bankruptcy case was dismissed. (GE 6)

A significant portion of Applicant's debt remains delinquent. Along with her Response, she provided a copy of a July 2026 CBR. However, she made no notations on the document, nor did she state in her written response what the document purported to prove. The CBR reflects several potentially negative accounts.

Applicant denies the consumer debts in SOR ¶¶ 1.k, 1.l, and 1.o, which total approximately $3,000. She provides no additional information other than stating, "don't know what that is." (GE 2) The record is devoid of documentation to support that Applicant has a reasonable basis to dispute the legitimacy of these past-due debts or that she has taken actions to resolve them. The delinquent debt alleged in SOR ¶ 1.k appears on her June 2026 CBR with a past due balance of $2,908 since July 2024.

Applicant admits the following debts and states that they are being paid via a payment plan:

> SOR ¶ 1.e: She admits owing this delinquent debt in the approximate amount of $5,796 and states she is making monthly payments of $300. (GE 2) In her Response, she included documentation related to this account wherein she made three monthly payments of $315 from May 2026 to July 2026 towards a judgment. The remaining balance was $4,921.
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> SOR ¶ 1.f: She admits owing this delinquent debt in the approximate amount of $4,559 and states she is making monthly payments of $300. (GE 2) She provided documentation with her Response that reflects she made eight payments of $300 since December 2025 and the balance was reduced to $2,158. The past due balance as of her June 2026 CBR was $1,219.
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> SOR ¶ 1.g: She admits owing this delinquent debt to the same creditor as the debt in SOR ¶ 1.e, in the approximate amount of $4,280, and states she is making monthly payments of $300. (GE 2) However, although the creditors are the same, the debts are for two separate accounts. The documentation she submitted with her Response reflects only the account number alleged in SOR ¶ 1.e.

In Applicant's answer, she admitted the delinquent debt in SOR ¶ 1.i for approximately $835 but provided no additional information. (GE 2) In her Response, she included a printout from the same creditor but provided no explanation. The document is titled "Payment Schedule Details" and states, "Upon receipt of the scheduled payments totaling $752.33, your account will be resolved with no further balance owing. If the full amount of the agreement is not received according to the schedule, or any payment is returned by your bank as unpaid, the agreement is null and void and a new agreement must be reached." She made a payment for the total amount on March 4, 2026. This debt is resolved.

In Applicant's Answer, she admitted the delinquent debt in SOR ¶ 1.m totaling approximately $451. (GE 2) The CBR she provided with her Response reflects she made a payment of $450 in June 2025 and the account status was updated to "Paid, Closed. $1 written off." This debt is resolved.

Applicant's ex-husband was abusive, and she believes he used her credit for unauthorized accounts and charges. She filed for divorce and was "left with nothing, but [her] career." She filed for bankruptcy relief because of the financial fallout and impact of her divorce and is working diligently to overcome her financial issues. She insists that her current financial condition is not reflective of her character and career. She has never received a bad appraisal from any government contractor she has worked for since 2012 and believes she is an asset to her organization.

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 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.

Applicant's admissions and the evidence in the FORM establish 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;

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

AG ¶ 20(e): the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue.

Applicant bears the burdens of production and persuasion in mitigation. Applicants are not held to a standard of perfection in their debt-resolution efforts, and they are not required to be debt-free. “Rather, all that is required is that an applicant act responsibly given his 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). *See*, *e.g.*, ISCR Case No. 13-00987 at 3 n.5 (App. Bd. Aug. 14, 2014).

Mitigation is established for the debts alleged in SOR ¶¶ 1.e, 1.f, 1.i, and 1.m. AG ¶ 20(d) applies because Applicant initiated and is adhering to a good-faith effort to repay these debts.

Mitigation is not established for the remaining SOR allegations. Although the evidence supports a finding that circumstances beyond Applicant’s control contributed to her financial hardship, such a finding alone is insufficient to mitigate the concerns. She failed to establish that she took responsible action at the time or that she is financially stable now. Although her filing for bankruptcy relief under Chapter 13 was an avenue she could utilize to pay back her creditors, she failed to honor the plan, and her case was ultimately dismissed by the court. At this time, there is insufficient evidence to show that she has regained financial stability and is able to not only address her current debts but also actively resolve her delinquent ones.

Applicant provided a copy of her July 2026 CBR but did not elaborate on its mitigative value. Inasmuch as she wanted to show that some debts that were alleged in the SOR are no longer reflected on this CBR, that fact is of little to no mitigative value. There is more than one plausible explanation for debts dropping off a credit report, and the absence of unsatisfied debts from an applicant’s credit report does not extenuate or mitigate an overall history of financial difficulties or constitute evidence of financial reform or rehabilitation. ISCR Case No. 21-00261 at 2-3 (App. Bd. June 6, 2022); ISCR Case No. 19-03757 at 3 (App. Bd. Aug. 18, 2021). If Applicant submitted the report to support potential disputes, it again has little mitigative value. An applicant’s attempted reliance on credit report disputes and resultant removal of debts from the report to address legitimate delinquent accounts is not meaningful evidence of debt reduction. ISCR Case No. 22-00056 at 2 (App. Bd. June 15, 2023). Applicant provided no documentation to support a reasonable basis to dispute legitimate debts. Lastly, debts remain relevant for determining an individual's security clearance eligibility even if they have been deleted from credit reports due to the passage of time. ISCR Case No. 21-00261 at 2 (App. Bd. June 6, 2022).

The reasons underlying an applicant's financial problems are relevant matters for the Judge to consider in a Guideline F case. In conducting a mitigation analysis, it is important to determine if those underlying reasons have been fully resolved or continue to exist in assessing whether the financial problems are likely to persist or recur. ISCR Case No. 21-01347 at 3 (App. Bd. Mar. 9, 2022). The evidence presented here supports a finding that Applicant's financial problems persist. She has failed to present a clear plan of resolution supported by a current ability to pay her remaining delinquent debts.

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 Guideline 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 his 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 Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concerns raised under Guideline F (Financial Considerations).

This decision should not be construed as a determination that Applicant cannot or will not attain the state of financial stability necessary to be eligible for a security clearance. The determination of an individual's eligibility and suitability for a security clearance is not a once in a lifetime occurrence, but is based on applying the factors, both disqualifying and mitigating, to the evidence presented. Under her current circumstances, a clearance is not warranted. In the future, she may well demonstrate persuasive evidence of her security worthiness.

Formal Findings

I make the following 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:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a-1.d, 1.g-1.h, 1.j-1.l, 1.n-1.o:	Against Applicant
Subparagraphs 1.e, 1.f, 1.i, 1.m:	For Applicant

Conclusion

I conclude that 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.

LeRoy F. Foreman
Administrative Judge