DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00114
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Nicole A. Smith, Esq., Department Counsel
For Applicant: *Pro se*

08/20/2026

Decision

DRISKILL, A. M., 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

On March 18, 2026, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. Applicant responded to the SOR on March 30, 2026 (Answer) and requested a decision on the written record in lieu of a hearing. The Government's written case was submitted on June 1, 2026. 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 June 8, 2026, and she did not respond. The case was assigned to me on July 31, 2026. The Government exhibits included in the FORM (Items 3-8) are admitted in evidence without objection.

Findings of Fact

The SOR alleges Applicant has six delinquent student loans and four delinquent consumer debts, totaling $67,489. She admitted all the allegations with explanation. All the alleged accounts are listed on Applicant's April 2025, December 2025, and March 2026 credit bureau reports (CBR). (Items 5-7)

The allegations pertaining to the student loans, SOR ¶¶ 1.a through 1.f, allege that the accounts were transferred, in the original loan amounts[1], due to delinquency. The December 2025 and March 2026 CBRs reflect the transfer status but only note, "Account closed due to transfer"; they do not report the amount transferred with each account. As of the date of the last CBR, the accounts to which the loans were transferred were not yet being reported. While the record does not fully corroborate the Government's allegations regarding the mechanics and exact amounts of the account transfers, I find that the allegations sufficiently put Applicant on notice of the Government's concerns regarding her delinquent student loans. There is no question that those loans were, as of the date of the SOR, still delinquent, and the amounts transferred were at least the amounts of the original loans, as the balances listed in the April 2025 CBR for SOR ¶¶ 1.a-1.f are all significantly higher than the original loan amounts. (Items 5-7)

Applicant is 40 years old. She earned a bachelor's degree in 2011 and a master's degree in 2015. She has been married since 2022 and has two minor children. She has been unemployed since June 2025. This is her first security clearance investigation. (Items 3, 8)

On her April 2025 security clearance application (SCA), Applicant reported that she had delinquent student loans, explaining that she was unable pay them while she was a single mother. She stated that she was currently making payments but could not afford the full amount and that she was waiting for the Government to offer an income-driven repayment plan option. She also reported one delinquent credit card (SOR ¶ 1.g) that she stated she was in the process of trying to repay. (Item 3)

Applicant had a background subject interview (SI) with a government investigator in July 2025. She stated that she paid her student loans "off/on" since about 2015 and did not pay them at all during the COVID-19 pandemic, when payments were not required. The payments were supposed to resume in 2024, but she only made $200 payments in April and May 2025, and none since then. She stated that she hoped to resume payments in August 2025. With regard to the credit card reported on her SCA, she explained that she was making payments on that card until the account holder switched without her knowledge. She did not know how to make payments to the new account holder and then forgot about the debt. (Item 8)

Applicant explained to the investigator that she was living paycheck to paycheck and that she got behind on her bills due to a medical procedure for her daughter that resulted in significant out-of-pocket expenses. She was pursuing a real estate license and

[1] The original amounts alleged in SOR ¶¶ 1.c, 1.d, and 1.f are listed under the wrong account numbers/allegations. SOR ¶ 1.c should read, "$20,500.00"; SOR ¶ 1.d should read, "$10,250.00"; and SOR ¶ 1.f should read, "$7,000.00."

anticipated receiving it by August 2025. Her husband was also starting a new job with a higher income. (Item 8)

In her November 2025 response to Government interrogatories, Applicant was asked whether she had paid the debts listed in SOR ¶¶ 1.a-1.g and 1.j, as well as two smaller unalleged debts, and she stated that they were all unpaid. She explained that she had been working as a teacher and, with the rising cost of living, she got behind on her bills and was unable to make the payments. She quit her teaching job, not anticipating that the start of her new job with her clearance sponsor would take so long. Since leaving her teaching position, she obtained a real estate license and was trying to earn money as a realtor. She stated that she planned on paying off the debts as soon as she had steady income. She included a personal financial statement listing her income as "$0" and her spouse's net salary as $70,000 (presumably per year). Using her monthly expenses listed, her family's net monthly remainder was $2,633. (Item 4)

In her Answer to the SOR, Applicant explained that she left her teaching role in March 2025, anticipating starting her new job in about six months. She also left the job because she found it physically and mentally challenging and she needed to step away. She explained that, although she has now pursued a career in real estate, it takes time to make consistent income in that field. She stated she plans to pay down her credit card debt as soon as she has stable income and that she is in the process of arranging a structured repayment plan for her student loans. (Item 2)

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.

The evidence in the FORM, specifically the three CBRs and Applicant's admissions, 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; and

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

Applicant provided several circumstances that led to her financial issues, specifically being a single mother, being a teacher, the rising cost of living, paying for a medical procedure for her daughter, being unemployed in anticipation of her new job, and the length of time it takes to earn steady income as a realtor. Not all of these factors are circumstances beyond her control but, even for those that are, she did not provide proof of responsible action taken toward the debts. All the debts remain delinquent; therefore, the financial concerns are recent and ongoing. She has not established that her financial problems are being resolved or are under control. She has not initiated or adhered to good-faith efforts to repay her creditors or otherwise resolve her debts. AG ¶¶ 20(a), 20(b), and 20(d) are not established.

Whole-Person Concept

Under the whole-person concept, the 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. 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 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 Guideline F 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. I conclude Applicant did not mitigate the financial considerations security concerns.

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.j:	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