



**DEPARTMENT OF DEFENSE  
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of: )  
 )  
 ) ISCR Case No. 24-02473  
 )  
 Applicant for Security Clearance )

**Appearances**

For Government:  
Tara Karoian, Esquire, Department Counsel

For Applicant:  
*Pro se*

12/04/2025

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**Decision**

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CEFOLA, Richard A., Administrative Judge:

**Statement of the Case**

On February 13, 2025, in accordance with Department of Defense (DoD) Directive 5220.6, as amended (Directive), the DoD issued Applicant a Statement of Reasons (SOR) alleging facts that raise security concerns under Guideline F (Financial Considerations). The SOR further informed Applicant that, based on information available to the government, DoD adjudicators could not make the preliminary affirmative finding it is clearly consistent with the national interest to grant or continue Applicant's security clearance.

Applicant answered the SOR on March 10, 2025, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on June 30, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on August 12, 2025, scheduling the hearing for August 21, 2025. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 5, which were admitted into evidence. Applicant testified on her own behalf. The record was left open until October 3, 2025, for receipt of additional documentation. Applicant offered eight documents, which I marked Applicant's Exhibits (AppXs) A through H, and admitted into evidence. DOHA received the transcript of the hearing (TR) on September 2, 2025. This Decision was delayed when administrative judges were furloughed from October 1 through November 12, 2025, during a Federal Government shutdown due to a lapse in Federal funding.

### **Findings of Fact**

Applicant admitted all the allegations in the SOR, with explanations. After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 35-year-old employee of a defense contractor. She has been employed with the defense contractor since May of 2024. Applicant is married, and has one child, age 15. She attributes her financial difficulties to COVID and to periods of unemployment. (TR at page 5 line 21 to page 6 line 20, at page 14 lines 3~10, at page 15 line 7 to page 20 line 12, at page 23 line 19 to page 24 line 14, and GX 1 at pages 5, 10, 12, 14, 15, 20 and 24.)

### **Guideline F - Financial Considerations**

1.a. Applicant admits that she filed for the protection of a Chapter 7 Bankruptcy in August 2020, and that her debts were discharged in November of 2020. Applicant was married in May of 2018, and her new husband brought health issues and unpaid debts to their relationship. This, coupled with COVID led to Applicant's bankruptcy filing. (TR at page 21 line 15 to page 23 line 17, and GX 1 at page 20.)

1.b. and 1.t. are one and the same past-due debt. Applicant admits that she was indebted to Creditor A in the amount of about \$5,276. She has submitted a letter from the successor creditor of this debt, showing that said creditor has agreed to accept half payment in March of 2025, and monthly payments of \$233, thereafter. Applicant avers that she made the half payment, and "like [about] seven" monthly payments pursuant to the agreement. However, despite having more than a month to do so, Applicant has submitted nothing further in this regard. (TR at page 33 line 12 to page 41 line 13, and Answer at attachment 1.) These allegations are found against Applicant.

1.c. Applicant admits; but also disputes, the alleged past-due debt to Creditor C in the amount of about \$3,345. Despite having more than a month to do so, Applicant has submitted nothing further in this regard. (TR at page 41 line 14 to page 42 line 5.) This allegation is found against Applicant.

1.d and 1.p. are one and the same past-due debt. Applicant admits that she is indebted to Creditor D in the amount of about \$2,650. She has submitted documentation from this creditor showing that Applicant is making agreed to monthly payments of \$55 towards this debt. (TR at page 42 line 6 to page 47 line 10, Answer at attachments 2 and 3, and AppXs D and E.)

1.e. Applicant admits; but also disputes, the alleged past-due debt to Creditor E in the amount of about \$2,204. Despite having more than a month to do so, Applicant has submitted nothing further in this regard. (TR at page 47 line 11 to page 48 line 4.) This allegation is found against Applicant.

1.f. Applicant admits a past-due debt to Creditor F in the amount of about \$2,010. She has submitted documents showing Applicant is making monthly payments of \$66 towards a “Settlement Balance” of \$1,122. (TR at page 48 line 5 to page 49 line 4, Answer at attachments 4 and 5, and AppX A.)

1.g. Applicant admits a past-due debt to Creditor G in the amount of about \$1,478. She has submitted a document showing Applicant is making monthly payments of \$50.97 towards this admitted past-due debt. (TR at page 49 line 5 to page 50 line 20, Answer attachment 6, and AppX B.)

1.h. and 1.q. are one and the same past-due debt. Applicant admits that she is indebted to Creditor H in the amount of about \$1,084. She has submitted documentation from this creditor showing that Applicant is making agreed to, monthly payments of \$50 towards this debt. (Answer at attachment 7, and AppX C.)

1.i, 1.l, 1.n. and 1.o. The Applicant has submitted documentation showing that her four past-due debts, one for \$421, one for \$188, one for \$133 and the last one for \$112, to Creditor I have been “Paid in Full.” (TR at page 25 line 4 to page 28 line 17, at page 32 line 16 to page 33 line 3, at page 28 lines 18~22, and Answer attachments 8, 11, 13 and 14.)

1.j. The Applicant has submitted documentation showing that her \$315 past-due debt to Creditor J “has been satisfied.” (TR at page 32 lines 11~14, and Answer attachment 9.)

1.k. The Applicant has submitted documentation showing that her \$299 past-due debt to Creditor K has been “paid in full.” (TR at page 31 line 9 to page 32 line 10, and Answer attachment 10.)

1.l. [This allegation has been discussed, above.]

1.m. The Applicant has submitted documentation showing that her \$151 past-due debt to Creditor M has been “settled in full.” (TR at page 28 line 23 to page 31 line 8, and Answer attachment 12.)

1.n. [This allegation has been discussed, above.]

1.o. [This allegation has been discussed, above.]

1.p. [This allegation has been discussed, above.]

1.q. [This allegation has been discussed, above.]

1.r. This allegation has been withdrawn the Government. (TR at page 52 lines 4~7.)

1.s. Applicant admits; but also disputes, the alleged past-due debt to Creditor S in an unstated charged off amount. Despite having more than a month to submit her claimed dispute letter, Applicant has submitted nothing further in this regard. (TR at page 50 line 24 to page 51 line 9.) This allegation is found against Applicant.

1.t. [This allegation has been discussed, above.]

## **Policies**

When evaluating an applicant’s national security eligibility, the administrative judge must consider the adjudicative guidelines (AG). 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 national security eligibility.

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 AG ¶ 2 describing the adjudicative process. The administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(a), 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.” In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record.

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Directive ¶ E3.1.15 states 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 applies for access to classified information seeks to enter 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 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 information.

Section 7 of Executive Order (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 relating to the guideline 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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

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

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

Applicant has significant past-due indebtedness. The evidence is sufficient to raise these disqualifying conditions.

AG ¶ 20 provides conditions that could mitigate security concerns. I considered all of the mitigating conditions under AG ¶ 20 including:

- (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;

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

(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's financial problems are ongoing. Although she can attribute some of her delinquencies to COVID and to periods of unemployment, Applicant still has more than \$10,000 of past-due indebtedness. She was given more than a month to demonstrate her averred good-faith effort to address this indebtedness. Applicant has not taken the opportunity to do so, and fails<sup>180830</sup> to demonstrate that future financial problems are unlikely. Mitigation under AG ¶ 20 has not been established. Financial Considerations is found against Applicant.

### **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 facts and circumstances surrounding this case. I have incorporated my comments under

Guideline F in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under those guidelines, but some warrant additional comment. Applicant is respected in the workplace. (AppX F.)

Overall, the record evidence leaves me with questions and doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant failed to 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 ¶ E3.1.25 of the Directive, are:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraph 1.a:	For Applicant
Subparagraphs 1.b. and 1.c.:	Against Applicant
Subparagraph 1.d.:	For Applicant
Subparagraph 1.e.:	Against Applicant
Subparagraphs 1.f. through 1.q.:	For Applicant
Subparagraph 1.r.:	Withdrawn
Subparagraphs 1.s. and 1.t.:	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 Applicant national security eligibility for a security clearance. Eligibility for access to classified information is denied.

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Richard A. Cefola  
Administrative Judge