



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



In the matter of: )  
 )  
 ) ISCR Case No. 24-02350  
 )  
 Applicant for Security Clearance )

**Appearances**

For Government:  
John Renahan, Esquire, Department Counsel

For Applicant:  
Grant Couch, Esquire, Applicant's Counsel

01/28/2026

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**Decision**

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CEFOLA, Richard A., Administrative Judge:

**Statement of the Case**

On March 6, 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 May 19, 2025, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on July 21, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on July 22, 2025, scheduling the hearing for September 3, 2025. However, due to repeated requests by Applicant, and due to his hiring legal counsel, the hearing was rescheduled for October 27, 2025. All Administrative Judges were then furloughed from October 1 through November 12, 2025. As a result, this matter was rescheduled and heard on December 18, 2025. The hearing was convened as rescheduled. The Government offered Exhibits (GXs) 1 through 4, which were admitted into evidence. Applicant testified on his own behalf and offered documents, which I marked Applicant's Exhibits (AppXs) A through E, and admitted into evidence. The record was left open until January 15, 2026, for receipt of additional documentation. Applicant offered AppXs F through I in a timely fashion, which were admitted into evidence. DOHA received the transcript of the hearing (TR) on January 6, 2026.

### **Findings of Fact**

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

Applicant is a 36-year-old employee of a defense contractor. He has been employed with the defense contractor since November of 2024. He is married, and has five children, ages 17 to 2 years old. Applicant attributes his current financial difficulties to a failed trucking business that he operated from 2021 to 2023. He considered, but never sought "Bankruptcy relief." (TR at page 5 lines 11~22, at page 11 line 17 to page 19 line 18, at page 41 line 2 to page 45 line 7, and at page 49 line 12 to page 50 line 2.)

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

1.a. Applicant has an admitted past-due debt to Creditor A in the amount of about \$17,106, for "a motorcycle," which he purchased in December of 2019, more than five years ago. At the time of his hearing, Applicant had not yet contacted this creditor. Also, despite having nearly a post-hearing month to do so, he has submitted nothing further in this regard. This allegation is found against Applicant. (TR at page 19 line 19 to page 20 line 24, and at page 31 line 20 to page 33 line 5.)

1.b. Applicant has an admitted past-due debt to Creditor B in the amount of about \$1,860, for “a computer,” which he purchased in about 2018, about eight years ago. At the time of his hearing, Applicant averred he was planning to contact this creditor. Despite have nearly a post-hearing month to do so, he has submitted nothing further in this regard. This allegation is found against Applicant. (TR at page 21 lines 1~19, and at page 33 lines 6~20.)

1.c. Applicant has an admitted past-due debt to Creditor C in the amount of about \$3,330, for “a fridge,” which he purchased in about 2022, about four years ago. At the time of his hearing, Applicant averred he was planning on contacting this creditor, who had offered an 80% discount, if he settled this admitted debt prior to Christmas 2025. Despite have nearly a post-hearing month to do so, he has submitted nothing further in this regard. This allegation is found against Applicant. (TR at page 21 line 20 to page 22 line 12, at page 33 line 21 to page 34 line 15, and AppX E.)

1.d. Applicant has an admitted past-due debt is to Creditor D in the amount of about \$1,274, for cellular phones. At the time of his hearing, Applicant averred he was planning to contact this creditor. Despite have nearly a post-hearing month to do so, he has submitted nothing further in this regard. This allegation is found against Applicant. (TR at page 22 lines 13~23, and at page 34 line 16 to page 36 line 1.)

1.e. Applicant has an admitted past-due, credit card debt to Creditor E in the amount of about \$816. At the time of his hearing, Applicant averred he was “working on” this admitted past-due debt. He submitted post-hearing documentation showing Applicant has an agreement with this creditor to make bi-monthly payments of \$22.67. I find this to be a good-faith effort on Applicant’s behalf to address this credit card debt. This allegation is found for Applicant. (TR at page 22 line 24 to page 23 line 10, and AppX F.)

1.f. Applicant has an admitted past-due, credit card debt to Creditor F in the amount of about \$647, for jewelry. At the time of his hearing, Applicant averred he would contact this creditor. He has submitted post-hearing documentation showing Applicant has an agreement with this creditor to make monthly payments of \$137.98. I find this to be a good-faith effort on Applicant’s behalf to address this jewelry debt. This allegation is found for Applicant. (TR at page 23 lines 11~25, and AppX G.)

1.g. Applicant has an admitted past-due, credit card debt to Creditor G in the amount of about \$626. He has submitted post-hearing documentation showing Applicant has an agreement with this creditor to make bi-monthly payments of \$39.58. I find this to be a good-faith effort on Applicant’s behalf to address this credit card debt. This allegation is found for Applicant. (AppX H.)

1.h. Applicant has an admitted past-due debt to Creditor H in the amount of about \$561, for a cellular phone. At the time of his hearing, Applicant averred: "I'm going to start making some payments on that device." He has submitted post-hearing documentation showing Applicant has made a payment of \$300 towards this admitted debt. I find this to be a good-faith effort on Applicant's behalf to address this cell phone debt. This allegation is found for Applicant. (TR at page 24 lines 1~11, and AppX H.)

1.i. Applicant has settled for \$218 and paid, the admitted past-due \$291 debt to Creditor I. This is evidenced by documentation submitted by Applicant. This allegation is found for Applicant. (TR at page 24 lines 12~21, at page 36 lines 2~15, and AppX B.)

1.j. Applicant has paid, the admitted past-due \$120 debt to Creditor J. This is evidenced by documentation submitted by Applicant. This allegation is found for Applicant. (TR at page 24 line 1 to page 25 line 4, and AppX A.)

1.k. Applicant has an admitted past-due debt to Creditor K in the amount of about \$38,069, for a 2024 motor vehicle repossession, which he purchased in May of 2022, more than three years ago. At the time of his hearing, Applicant had not yet contacted this creditor. Also, despite having nearly a post-hearing month to do so, he has submitted nothing further in this regard. This allegation is found against Applicant. (TR at page 25 lines 4~17, and at page 37 line 12 to page 38 line 10.)

1.l. Applicant has an admitted past-due debt to Creditor L in the amount of about \$10,272, for another 2024 motor vehicle repossession. At the time of his hearing, Applicant had not yet contacted this creditor. Also, despite having nearly a post-hearing month to do so, he has submitted nothing further in this regard. This allegation is found against Applicant. (TR at page 25 line 18 to page 26 line 6, and at page 38 lines 11~24.)

## **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. Three are potentially applicable in this case:

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts regardless of the ability to do so; and
- (c) a history of not meeting financial obligations

Applicant had significant past-due debt, totaling about \$75,000. 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; and
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

Although Applicant can attribute much of his financial problems to a failed business, that was several years ago. He considered, but never sought, the protection of a bankruptcy. Since then, he has only addressed about \$3,061, six small debts. Applicant still has about \$72,000 still owing and delinquent. He has not demonstrated 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 performs well at his job. (AppX D.)

However, 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

Subparagraphs 1.a~1.d: Against Applicant

Subparagraphs 1.e~1.j: For Applicant

Subparagraphs 1.k. and 1.l: 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.

Richard A. Cefola  
Administrative Judge