



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



In the matter of:)	
)	
)	ISCR Case No. 24-02363
)	
Applicant for Security Clearance)	

Appearances

For Government:
Nicholas Temple, Esquire, Department Counsel

For Applicant:
Pro se

02/12/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On December 27, 2024, 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 January 21, 2025, (Answer), and requested a hearing before an administrative judge. The case was assigned to me on September 8, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on November 18, 2025, scheduling the hearing for January 8, 2026. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 5, which were admitted into evidence. Applicant testified on his own behalf. The record was left open until February 6, 2026, for receipt of additional documentation. Applicant offered nine documents, which I marked as Applicant's Exhibits (AppXs) A through I, and admitted into evidence. Department Counsel also offered an additional Exhibit, GX 6, which was admitted into evidence. DOHA received the transcript of the hearing (TR) on January 20, 2026.

Findings of Fact

Applicant admitted to the allegations in SOR ¶¶ 1.a. through 1.e. He denied SOR allegations ¶¶ 1.f. through 1.h. After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 31-year-old employee of a defense contractor. He “served a full eight-year contract,” as a U.S. Army Reservist, achieving the rank of Specialist E-4. Applicant has been employed with the defense contractor since July of 2024. He is unmarried, and has no children. Applicant attributes his current financial difficulties to periods of underemployment, unemployment, and to the Covid outbreak. He has submitted a monthly budget, showing a positive cash flow of \$491 a month. (TR at page 5 line 11 to page 6 line 4, at page 13 line 9 to page 23 line 11, and AppX A.)

1.a. Applicant admits a past-due, credit card debt to Creditor A in the amount of about \$1,477. He knew of this deficiency in about 2018, more than seven years ago. Applicant failed to address it before his hearing, which occurred more than a year after the issuance of the SOR. Despite knowing the Government's grave concern, he only addressed it on February 5, 2026; with a post-hearing declaration, claiming he has worked out “a payment agreement” with Creditor A. Applicant avers that the amount owed was reduced to \$960, with monthly payments of about \$27. However, he has also submitted a February 5, 2026, credit report, showing no reduction in the \$1,477 past-due amount. (TR at page 24 line 4 to page 26 line 14, at page 27 line 23 to page 28 line 14, AppX E, and AppX I at page 8.)

1.b. Applicant admits a past-due, credit card debt to Creditor B in the amount of about \$632. He knew of this deficiency in about 2018, more than seven years ago. Applicant failed to address it before his hearing, which occurred more than a year after the issuance of the SOR. Despite knowing the Government's grave concern, he only

addressed it on February 5, 2026, with a post-hearing declaration, claiming, “it would be taken off my credit report as it is reaching it’s 7 year(*sic*) mark.” However, he has also submitted a February 5, 2026, credit report, showing the “account charged off” at \$632. (TR at page 26 line 15 to page 27 line 22, at page 28 lines 15~18, AppX D, and AppX I at page 39.)

1.c. Applicant admits a past-due, auto-loan debt for a vehicle “totaled” in an accident, to Creditor C in the amount of about \$623. He knew of this deficiency in about 2017, more than eight years ago. Applicant failed to address it before his hearing, which occurred more than a year after the issuance of the SOR. Despite knowing the Government’s grave concern, he only addressed it on February 5, 2026, with a post-hearing declaration, claiming “Plan of action . . . to contact the previous GAP insurance company . . . to see about satisfying the account.” However, he has also submitted a February 5, 2026, credit report, showing the “account charged off” at \$623. (TR at page 28 line 19 to page 30 line 23, AppX C, and AppX I at page 41.)

1.d. Applicant admits a past-due, credit card debt to Creditor D in the amount of about \$649. He knew of this deficiency in about 2018, more than seven years ago. Applicant failed to address it before his hearing, which occurred more than a year after the issuance of the SOR. Despite knowing the Government’s grave concern, he only addressed it on February 5, 2026, with a post-hearing declaration, claiming, “On February 5th, 2026 I contacted the debt collector [and] a reduced payment agreement was reached.” However, he has also submitted a February 5, 2026, credit report, showing the total amount is still “past due.” (TR at page 30 line 24 to page 32 line 5, AppX F, and AppX I at page 32.)

1.e. Applicant admits a past-due, credit card debt to Creditor E in the amount of about \$712. He knew of this deficiency in about 2022, more than three years ago. Applicant failed to address it before his hearing, which occurred more than a year after the issuance of the SOR. Despite knowing the Government’s grave concern, he only addressed it on February 5, 2026, with a post-hearing declaration, claiming “On February 5, 2026 a payment agreement was reached.” However, he has also submitted a February 5, 2026, credit report, showing the total amount is still “past due.” (TR at page 32 line 6 to page 33 line 24, AppX G, and AppX I at pages 25~26.)

1.f. Applicant denies a past-due debt to Creditor F in the amount of about \$1,248. He claims it was “disputed,” which is noted on Applicant’s December 2024 credit report. However, that dispute was unsuccessful, as it appears as “past due” and “in collection” on his subsequent May 2025 and February 2026 credit reports, respectively. On February 5, 2026, Applicant again formally disputed this alleged past-due debt, which will not be resolved until March 5, 2026. There is also a high probability that this dispute will again

be denied. (TR at page 35 line 7 to page 38 line 4, GX 2 at page 3, GX 3 at page 1, GX 6, AppX H at pages 1 and 4~5, and AppX I at page 27.)

1.g. Applicant denies a second past-due debt to Creditor F in the amount of about \$15,313. He claims it was “disputed,” but on Applicant’s December 2024 credit report it appears as “placed in collection.” “Placed in collection” is also reiterated on his subsequent May 2025 and February 2026 credit reports. On February 5, 2026, Applicant formally disputed this alleged past-due debt, which will not be resolved until March 5, 2026. (TR at page 38 line 5 to page 39 line 3, GX 2 at page 2, GX 3 at page 2, GX 6, AppX H at pages 1 and 4~5, and AppX I at page 29.)

1.h. Applicant denies a past-due debt to Creditor H in the amount of about \$7,181. He claims it was “disputed,” but on Applicant’s December 2024 credit report it appears as “placed in collection.” “Placed in collection” is also reiterated on his subsequent May 2025 and February 2026 credit reports. On February 5, 2026, Applicant formally disputed this alleged past-due debt, which will not be resolved until March 5, 2026. (TR at page 39 line 4 to page 40 line 20, GX 2 at page 2, GX 3 at page 2, GX 6, AppX H at page 3, and AppX I at page 34.)

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 has about \$28,000 in 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; 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. He has a long history of delinquencies. Although he can attribute some of his past-due indebtedness to periods of unemployment and underemployment, he has done little to address them other than filing unsuccessful disputes. I find his "last minute efforts" are not good-faith efforts to address his past-due debts. 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 is respected by in the workplace as noted by a fellow employee. (AppX B.)

Overall, the record evidence leaves me with questions or doubts as to Applicant's eligibility and suitability for a security clearance. For 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~h:

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