



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



In the matter of:)
)
) ISCR Case No. 24-02090
)
)
Applicant for Security Clearance)

Appearances

For Government:
John Renehan, Esq, Department Counsel

For Applicant:
Pro se

02/19/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Applicant has not mitigated the security concerns raised under the Foreign Influence, Personal Conduct, and Financial Considerations guidelines. National security eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a Questionnaire for National Security Positions on August 11, 2023 (Questionnaire). On March 6, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guidelines B (Foreign Influence), E (Personal Conduct), and F (Financial Considerations). The action was taken 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) effective within DoD after June 8, 2017.

On April 18, 2025, Applicant responded to the SOR in writing (Answer) and requested that the case be decided on the written record in lieu of a hearing. In his Answer, Applicant admitted all of the allegations with the exception of ¶2.j: failure to pay state and federal taxes from 2019 - 2021. On July 2, 2025, Department Counsel submitted the Government's written case in a File of Relevant Material (FORM). A complete copy of the FORM, consisting of Government Exhibits (GE) 1 to 7, a Request for Administrative Notice (People's Republic of China), and the Government's arguments in support of the SOR, was received by the Applicant on July 15, 2025. He was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns, but he did not respond within the period specified to do so. The case was assigned to me on January 28, 2026, and GE 1 to 7 were admitted without objection.

In the FORM, Department Counsel requested that I take administrative notice of certain facts about China and provided a thirteen-page summary of the facts, supported by 21 Government documents pertaining to China (Hearing Exhibit I). Without objection, I have taken administrative notice of the facts contained in the request. The facts are summarized in the written request and will not be repeated verbatim here. However, I take particular note of the following: China is a large and economically powerful country, with a population of over a billion people. China has an authoritarian government dominated by the Chinese Communist Party. It has a poor record with respect to human rights, suppresses political dissent, and engages in arbitrary arrests and detentions, forced confessions, torture, and mistreatment of prisoners.

China is one of the most aggressive countries in seeking sensitive and protected U.S. technology and economic intelligence. It targets the United States with active intelligence gathering programs, both legal and illegal. As a result, it is a growing threat to U.S. national security. There are several recent cases involving actual or attempted espionage, as well as the illegal export of information to China.

Findings of Fact

Applicant is 62-year-old engineer who has worked for a DoD contractor since August 2001. He submitted the Questionnaire on August 11, 2023. He graduated from college in 2001, has never married, and has no children. He does have a cohabitant (ZL), however, who is a 41-year-old Chinese national that he met through the online, same-sex fetish website recon.com. They have lived together intimately since June 2018 and Applicant financially supports ZL, who does not work. In 2018, ZL introduced Applicant to another man, CD, whom ZL also met through the website recon.com. Applicant has engaged in extensive financial dealings with CD, discussed further *infra*. At the same time, Applicant "is under a lot of financial stress" and admits to over \$26,000 in debts. (Answer, GE 3 at 5, 11, 13, 17-19; GE 4 at 7-8, 11)

SOR Paragraph 1, Guideline B (Foreign Influence)

The Government alleged that Applicant is ineligible for a security clearance due to foreign influence. I find the following facts regarding this allegation and Applicant's admissions:

1.a. – 1.c: Applicant's intimate cohabitant ZL is a citizen of China to whom Applicant provides approximately \$400 per month in financial support.

Applicant's cohabitant ZL was born in Guangzhou, China in 1984. He is a permanent resident of the United States, is unemployed, and is financially dependent on Applicant, who provides ZL with food, housing, and approximately \$400 per month. Applicant also takes ZL "places like doctor's appointments and other places he wants to go." The record evidence is silent as to when ZL immigrated or his background prior to moving to the United States. Likewise, though Applicant acknowledges a romantic/sexual relationship with ZL, he insists they "are primarily roommates" who "occasionally fool around." Applicant also contends ZL "does not have any affiliations with any foreign government or agencies." (GE 3 at 17, 18, 25; GE 4 at 5-8)

SOR Paragraph 2, Guideline F (Financial Considerations)

The Government alleged that Applicant is ineligible for a security clearance because he has been providing significant financial assistance to an individual he only met online. In addition, he had four delinquent and unresolved debts, a foreclosure, and tax issues at both the state and federal level. I find the following facts regarding the history and status of the issues and debts:

2.a. Financial Support of ZL. Applicant admitted to this allegation in his Answer. He also acknowledged as much in his Questionnaire and interrogatory response. As discussed above, this support is substantial. (Answer; GE 3 at 25; GE 4 at 8)

2.b. Financial Support of CD. In his Answer, Applicant admitted to providing CD with \$2,000 to \$2,500 per month, totaling at least \$150,000, via Cash App from 2018 through at least 2023. Applicant had not met CD in person at that point and understood him to be homeless through their correspondence. Applicant believed the money he provided to CD was for both living expenses and administrative/lawyer fees as CD allegedly struggled, for at least six years, to access his late father's \$19 million estate. CD refused to provide Applicant with his address or the name of his late father. He also advised Applicant he would not receive any part of the inheritance if he ceased sending CD money. Applicant nonetheless believed CD to be truthful and, per the record evidence, continued to support CD through at least December 2024, though he acknowledges having "no idea when (CD) will receive the inheritance." Since October 2023, Applicant has met CD in person at least once and they engaged in a "dominant-submissive relationship where (Applicant) dominate(d) and control(led) (CD)." (Answer; GE 4 at 5-6, 8, 11)

2.c. Wire transfers and bitcoin purchases on behalf of CD. Applicant admitted to the original ¶2.c allegation in his Answer. Department Counsel, however, amended this allegation in his FORM submission to add the act of receiving wire. The amendment is permissible under the Directive and is accepted. Because Applicant did not respond to the FORM, however, his failure to answer the amended ¶2.c allegation must be considered a denial. The record evidence shows, however, that from 2019 through 2021, CD convinced Applicant to open several bank accounts for a “business opportunity.” Applicant complied, whereupon CD would wire \$15,000 to \$20,000 to one of the several newly-created accounts. Applicant would then withdraw the cash and purchase bitcoin, which he would then electronically transfer back to CD. Applicant received approximately \$2,000 from CD as payment for these services. Applicant ceased the activity in 2021 after withdrawing and transferring over \$277,000 in total, when the banks closed Applicant’s accounts due to “suspicious financial activity.” Applicant feared he had engaged in “some kind of illegal activity,” but continued his relationship with CD nonetheless. Applicant was never contacted by law enforcement. (Answer; FORM at 1; GE 4 at 8-10)

2.d. Charged-Off Account, credit card (\$12,148). Applicant took out this credit card in June 2017 to pay for “basic life needs.” It was charged off as bad debt in January 2021. Applicant disclosed this delinquent debt in the Questionnaire and admitted to it in his Answer but provided no evidence in mitigation. (Answer; GE 3 at 38; GE 4 at 11; GE 5 at 2; GE 6 at 3; GE 7 at 2)

2.e. Charged-Off Account, credit card (\$11,384). Applicant took out this credit card in March 1987 to pay for “basic life needs.” It was charged off as bad debt in August 2023. Applicant disclosed this delinquent debt in the Questionnaire and admitted to it in his Answer but provided no evidence in mitigation. (Answer; GE 3 at 37-38; GE 4 at 10; GE 5 at 2; GE 6 at 3; GE 7 at 2)

2.f. Charged-Off Account, credit card (\$3,228). Applicant admitted to the original ¶2.f allegation in his Answer. Department Counsel, however, amended this allegation in his FORM submission to which Applicant did not respond. But the amended allegation merely corrects an obvious scrivener’s error (“\$3,2287,530” corrected to “\$3,228”). As such, Applicant’s answer to the original ¶2.f allegation still serves as an admission to the amended ¶2.f allegation. Applicant took out this credit card in August 2006 to pay for “basic life needs.” It was charged off as bad debt in January 2021. Applicant disclosed this delinquent debt in the Questionnaire and admitted to it in his Answer but provided no evidence in mitigation. (Answer; FORM at 1-2; GE 3 at 36; GE 4 at 11; GE 5 at 2; GE 6 at 4; GE 7 at 2)

2.g. Charged-Off Account, credit card (\$211). Applicant took out this credit card in June 1984. The debt arose from “depositing a check that was not honored” resulting in an overdraft protection charge. This was charged off as bad debt in January 2021. Applicant disclosed this delinquent debt in the Questionnaire and admitted to it in his

Answer but provided no evidence in mitigation. (Answer; GE 3 at 39; GE 4 at 11; GE 5 at 2; GE 6 at 4; GE 7 at 3)

2.h. Foreclosure. Applicant admitted this allegation in his Answer. In November 2003, Applicant purchased an apartment in Northern California for approximately \$288,000. He stopped making the \$2,000/month mortgage payments in August 2019 and by February 2021, was \$42,736 behind in his payments. The property went into foreclosure status, but Applicant was able to sell the apartment prior to auction. As such, by September 2023, the account balance was zero. (Answer; GE 3 at 40; GE 4 at 11; GE 5 at 2; GE 6 at 4; GE 7 at 3)

2.i. Failure to file state and federal taxes 2019 - 2022. Applicant admitted this allegation in both his Answer and Questionnaire. His rationale for not filing was that he did not have the money to pay his taxes. No evidence was submitted showing that any of the tax returns were filed. (Answer; GE 3 at 34-35; GE 4 at 10)

2.j. Failure to pay state and federal taxes 2019 - 2021. Applicant admitted not paying his 2020 taxes in his Questionnaire. In his Answer however, he denied owing any back taxes at all, suggesting they had all been paid via garnishment. Applicant did not provide any corroborating evidence in support. (Answer; GE 3 at 33-35)

SOR Paragraph 3, Guideline E (Personal Conduct)

The Government alleged that Applicant is ineligible for a security clearance because he had engaged in conduct that involved questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations. Applicant has admitted to the sole allegation under Guideline E, which incorporates ¶¶ 1 and 2 of the SOR in their entirety. The pertinent findings of fact are discussed *supra*.

Whole-Person and Mitigating Evidence

Applicant did not respond to the FORM and offered no evidence in mitigation.

Policies

When evaluating an applicant's suitability for national security eligibility, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines (AG) 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, these guidelines are applied 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. The entire process is a conscientious scrutiny of applicable guidelines in the context 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, “Any 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. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, “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 seeks access to classified information enters 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 national security eligibility. 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 or sensitive information.

Finally, as emphasized in Section 7 of Executive Order 10865, “Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See *a/so* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

Analysis

SOR Paragraph 1, Guideline B, Foreign Influence

The security concern for foreign influence is set out in AG ¶ 6:

Foreign contacts and interests, including, but not limited to, business, financial, and property interests, are a national security concern if they result in divided allegiance. They may also be a national security concern if they create circumstances in which the individual may be manipulated or induced to help a foreign person, group, organization, or government in a way inconsistent with U.S. interests or otherwise made vulnerable to pressure or coercion by any foreign interest. Assessment of foreign contacts and interests should consider the country in which the foreign contact or interest is located, including, but not limited to, considerations such as whether it is

known to target U.S. citizens to obtain classified or sensitive information or is associated with a risk of terrorism.

The guideline notes several conditions that could raise security concerns under AG ¶ 7. The following are potentially applicable in this case:

(a) contact, regardless of method, with a foreign family member, business or professional associate, friend, or other person who is a citizen of or resident in a foreign country if that contact creates a heightened risk of foreign exploitation, inducement, manipulation, pressure, or coercion;

(b) connections to a foreign person, group, government, or country that create a potential conflict of interest between the individual's obligation to protect classified or sensitive information or technology and the individual's desire to help a foreign person, group, or country by providing that information or technology; and

(e) shared living quarters with a person or persons, regardless of citizenship status, if that relationship creates a heightened risk of foreign inducement, manipulation, pressure, or coercion.

Applicant's intimate cohabitant, whom he met through a same-sex fetish website, is a citizen of China. Applicant denies ZL has any affiliations with any foreign governments but offered no information about ZL's family or friends in China. Likewise, Applicant offered no information about ZL's schooling, employment, or military status prior to immigrating. Applicant's relationship with ZL creates a potential conflict of interest and, given the fact that China's conduct creates a heightened risk of foreign exploitation, inducement, manipulation, pressure, and coercion, AG ¶¶ 7(a), (b), and (e) are applicable.

Conditions that could mitigate foreign influence security concerns are provided under AG ¶ 8. The following are potentially applicable:

(a) the nature of the relationships with foreign persons, the country in which these persons are located, or the positions or activities of those persons in that country are such that it is unlikely the individual will be placed in a position of having to choose between the interests of a foreign individual, group, organization, or government and the interests of the United States; and

(b) there is no conflict of interest, either because the individual's sense of loyalty or obligation to the foreign person, or allegiance to the group, government, or country is so minimal, or the individual has such deep and longstanding relationships and loyalties in the United States, that the individual can be expected to resolve any conflict of interest in favor of the U.S. interest.

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.” And as appropriately noted by the Department Counsel in the FORM, Applicant has a very heavy burden of persuasion to show that his connections to China do not pose a threat to U.S. security given China’s hostile position in relation to the United States. In this case, the concerns raised with China and the nature, extent, and circumstances surrounding Applicant’s cohabitation with a citizen from China – whose background remains an enigma – leave no room for mitigation. Accordingly, none of the mitigating conditions, individually or collectively, are sufficiently applicable to overcome Applicant’s contacts and relationships.

SOR Paragraph 2, Guideline F (Financial Considerations)

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

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 facts of this case establish the following potentially disqualifying conditions set forth in AG ¶ 19:

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts regardless of the ability to do so;
- (c) a history of not meeting financial obligations;
- (e) consistent spending beyond one’s means or frivolous or irresponsible spending, which may be indicated by excessive indebtedness, significant negative cash flow, a history of late payments or of non-payment, or other negative financial indicators; and
- (f) failure to file or fraudulently filing annual Federal, state, or local income

tax returns or failure to pay annual Federal, state, or local income tax as required.

Conditions that could mitigate financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

(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, or a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances; and

(g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

The record evidence fails to establish AG ¶ 20(a), (b), or (g). Applicant's financial support for both ZL and CD is ongoing and his support for CD, in particular, casts great doubt on Applicant's good judgment. Applicant has provided CD at least \$277,000 to date on the hopes that CD will, after some eight years now, come up with his late father's alleged \$19 million estate and pay Applicant back. Applicant believes this despite knowing almost nothing about CD. (GE 4 at 9-10) The Appeal Board has spoken of such spurious schemes with strangers and has concluded they are "not a transaction representative of the sound discretion required of individuals desiring to obtain – or retain – a security clearance" (ISCR 08-08435 at 4 (App. Bd. Jul. 16, 2009)).

In addition to this financial folly, Applicant still has some \$26,000 in debts with no plan in place to deal with them. I note that the mortgage issue listed in ¶ 2.h of the SOR was resolved prior the SOR's issuance but Applicant's inability to make his mortgage payments appears directly related to his decision to send the money to CD instead. As such, the ongoing irresponsibility of Applicant's financial decision is not mitigated by the zero balance. Moreover, it appears from the record evidence that the majority of Applicant's financial difficulties began in 2019, when he started to send thousands of dollars to CD instead of his own creditors and tax authorities.

As for the taxes, Applicant has provided no evidence of having filed his Federal or state taxes from 2019 through 2022. He averred the actual tax arrears were satisfied through garnishment but again has provided no evidence. Observing all of Applicant's financial dealings as a whole, none of the mitigating conditions, individually or collectively, are sufficiently applicable to overcome Applicant's irresponsible financial history.

SOR Paragraph 3 – Guideline E, Personal Conduct

The security concerns relating to the guideline for personal conduct are set out in AG ¶ 15, which states:

Conduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations can raise questions about an individual's reliability, trustworthiness and ability to protect classified or sensitive information. Of special interest is any failure to cooperate or provide truthful and candid answers during national security investigative or adjudicative processes.

The facts of this case establish the following potentially disqualifying conditions set forth in AG ¶ 16:

(d) credible adverse information that is not explicitly covered under any other guideline and may not be sufficient by itself for an adverse determination, but which, when combined with all available information, supports a whole-person assessment of questionable judgment, untrustworthiness, unreliability, lack of candor, unwillingness to comply with rules and regulations, or other characteristics indicating that the individual may not properly safeguard classified or sensitive information. This includes but is not limited to, consideration of:

- (1) untrustworthy or unreliable behavior to include breach of client confidentiality, release of proprietary information, unauthorized release of sensitive or government protected information;
- (2) any disruptive, violent, or other inappropriate behavior;
- (3) a pattern of dishonesty or rule violations; and
- (4) evidence of significant misuse of Government or other employer's time or resources.

Conditions that could mitigate personal conduct security concerns are provided under AG ¶ 17. The following is potentially applicable:

(c) the offense is so minor, or so much time has passed, or the behavior is so infrequent, or it happened under such unique circumstances that it is unlikely to recur and does not cast doubt on the individual's reliability, trustworthiness, or good judgment.

The record evidence fails to establish this mitigating condition. Applicant's behavior discussed *supra* is not minor, is frequent, and is ongoing. This continues to cast doubt on his reliability, trustworthiness, and good judgment.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility 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 national security 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 above whole-person factors and the potentially disqualifying and mitigating conditions in light of all pertinent facts and circumstances surrounding this case. I have incorporated my comments under Guidelines B, E, and F in my whole-person analysis. I note Applicant's 25 years of employment at the same defense contractor and, in the absence of any other character evidence, accept at face value his assertion in the Questionnaire that he has not been disciplined in at least the last seven years. But since at least 2018, Applicant has exhibited highly-questionable judgment in any number of instances that remain ongoing today. Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. Applicant did not mitigate the foreign influence, financial considerations, and personal conduct issues.

Formal Findings

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, are:

Paragraph 1, Guideline B:	AGAINST APPLICANT
Subparagraphs 1.a-1.c:	Against Applicant
Paragraph 2, Guideline F:	AGAINST APPLICANT
Subparagraphs 2.a-2.j:	Against Applicant

