



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



In the matter of:)
)
) ISCR Case No. 25-00870
)
Applicant for Security Clearance)

Appearances

For Government:
John Renehan, Esquire, Department Counsel

For Applicant:
Pro se

03/24/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On July 25, 2025, in accordance with Department of Defense Directive (DoD) 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 August 8, 2025, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on December 8, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on December 11, 2025, scheduling the hearing for February 18, 2026. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 4, which were admitted into evidence. Applicant testified on her own behalf. Applicant offered five documents, which I marked Applicant's Exhibits (AppXs) A through E and admitted into evidence. The record was left open until March 18, 2026, for receipt of additional documentation. Applicant offered AppXs F through J, in a timely fashion and they were admitted into evidence. DOHA received the transcript of the hearing (TR) on February 27, 2026.

Findings of Fact

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

Applicant is a 46-year-old employee of a defense contractor. She has a Master's Degree, and has been employed with the defense contractor since July of 2024. Applicant has held a security clearance, off and on, since 1999. She is divorced and has one child. Applicant attributes her financial difficulties to periods of unemployment, but mostly to a lengthy custody battle with her former spouse. (TR at page 5 lines 10~24, and at page 14 line 19 to page 30 line 17.)

Guideline F - Financial Considerations

1.a. Applicant denies the alleged past-due debt to Creditor A in the amount of \$12,214. Pursuant to a court order, she is making monthly payments of \$266 towards this debt, as evidenced by court documents. (TR at page 30 line 18 to page 37 line 23, Answer at page 13, and AppX G.)

1.b. Applicant admits the alleged past-due debt to Creditor B in the amount of \$4,751. This debt is enrolled in a debt consolidation program, and the past-due amount has been reduced to \$1,142. She is making monthly payments of \$290 to the debt consolidation program, a portion of which goes to this creditor, as evidenced by documentation. (TR at page 37 line 24 to page 38 line 25, AppX I at page 12, and AppX J.)

1.c. Applicant "disputed through the credit repair process" the \$4,419 alleged past-due debt to Creditor C. She avers, credibly, that "the creditor failed to verify the debt;" and as such, it was not enrolled in her debt consolidation program. (TR at page 39 lines 1~23, and AppX I at page 12.)

1.d. Applicant admits the alleged past-due debt to Creditor D in the amount of \$2,759. This debt is enrolled in her debt consolidation program. She is making monthly payments of \$290 to the debt consolidation program, a portion of which goes to this creditor, as evidenced by documentation. (TR at page 40 lines 2~11, and AppX I at page 12.)

1.e. Applicant admits the alleged past-due debt to Creditor E in the amount of \$2,106. This debt is enrolled in her debt consolidation program. She is making monthly payments of \$290 to the debt consolidation program, a portion of which goes to this creditor, as evidenced by documentation. (TR at page 40 lines 12~23, and AppX I at page 12.)

1.f. Applicant disputed, “through the credit repair process,” the \$985 alleged past-due debt to Creditor F. She avers, credibly, that this was “an invalid debt;” and as such, it was not enrolled in her debt consolidation program. (TR at page 40 line 24 to page 41 line 10, and AppX I at page 12.)

1.g. Applicant admits the alleged past-due debt to Creditor G in an unspecified charged off amount. This debt is enrolled in her debt consolidation program. She is making monthly payments of \$290 to the debt consolidation program, a portion of which goes to this creditor, as evidenced by documentation. (TR at page 41 line 11 to page 42 line 6, and AppX I at page 12.)

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 had past-due indebtedness totaling in excess of \$27,000. 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;
- (c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source, such as a non-profit credit counseling service, and there are clear indications that the problem is being resolved or is under control;
- (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 past-due indebtedness was caused by a very drawn-out custody battle for her only child and exasperated by short periods of unemployment. She is now addressing all the past-due indebtedness that is clearly hers. The largest debt has been negotiated down to a manageable amount, and she is making monthly payments of \$266 towards this admitted debt. Through Applicant's debt consolidation program, she is also making monthly payments of \$290 towards her remaining admitted past-due debts, a portion which goes to each of the four creditors under the program. Mitigation under AG ¶ 20 has been established. Financial Considerations is found for 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 well respected in the workplace; she performs her job well. (AppXs D, E and H.)

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant mitigated 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:

FOR APPLICANT

Subparagraphs 1.a~1.g:

For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant Applicant national security eligibility for a security clearance. Eligibility for access to classified information is granted.

Richard A. Cefola
Administrative Judge