



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



In the matter of:)
)
) ISCR Case No. 25-00473
)
Applicant for Security Clearance)

Appearances

For Government:
Aubrey De Angelis, Esquire, Department Counsel

For Applicant:
Pro se

03/19/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On May 20, 2025, in accordance with Department of Defense Directive 5220.6, as amended (Directive), the Department of War 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, Department of War 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 soon thereafter and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on July 29, 2025; but due to all Administrative Judges being furloughed from October 1 through November 12, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on November 19, 2025, scheduling the hearing for January 7, 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 and offered documents, which I marked Applicant's Exhibits (AppXs) A through O, which were admitted into evidence. The record was left open until February 5, 2026, for receipt of additional documentation. On February 3, 2026, Applicant resubmitted AppXs A through O, and added a more recent credit report, which I marked as AppX P, which was admitted into evidence. He also submitted a closing statement. DOHA received the transcript of the hearing (TR) on March 16, 2026.

Findings of Fact

Applicant admitted to 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 40-year-old employee of a defense contractor. He has been employed with the defense contractor since September of 2023. Applicant has a master's degree. He is divorced and has two minor children. Applicant served in the U.S. Army from November of 2005 to May of 2018. He was Honorably Discharged and receives 100% disability pay. (TR at page 5 lines 21~24, at page 21 line 20 to page 28 line 11, and GX 2 at pages 5, 11 and 20.)

Guideline F - Financial Considerations

1.a. Applicant admits that he has a past-due, credit card debt to Creditor A in the amount of about \$20,030. In a December 2016 Security Clearance Application (SCA), he repeatedly averred that that there was no reason to address this admitted debt, as it would still appear on his credit reports for seven years. In his Answer and at his hearing, Applicant repeated this lack of concern to begin addressing this debt. (TR at page 29 lines 12~22, at page 32 lines 7~13, GX 1 at pages 4~5, and Answer at page 3.)

1.b. Applicant admits that he has a past-due, credit card debt to Creditor B in the amount of about \$3,189. In a December 2016 Security Clearance Application (SCA), he repeatedly averred that that there was no reason to address this admitted debt, as it would still appear on his credit reports for seven years. In his Answer and at his hearing, Applicant repeated this lack of concern to begin addressing this debt. (TR at page 29 line 23 to page 30 line 5, at page 32 lines 7~13, GX 1 at pages 4~5, and Answer at page 3.)

1.c. Applicant admits that he has a past-due, credit card debt to Creditor C in the amount of about \$2,647. In a December 2016 Security Clearance Application (SCA), he repeatedly averred that that there was no reason to address this admitted debt, as it would still appear on his credit reports for seven years. In his Answer and at his hearing, Applicant repeated this lack of concern to begin addressing this debt. (TR at page 29 line 23 to page 30 line 5, at page 32 lines 7~13, GX 1 at pages 4~5, and Answer at page 3.)

1.d. Applicant admits that he failed to file his Federal income tax returns for tax years 2016~2022, as he "saw that . . . [he]wasn't getting anything back . . . I just didn't think . . . [he] had to file them." Only recently, in August of 2025, three months after the

issuance of the SOR, Applicant filed his Federal income tax returns for tax years 2019~2022. As a result of those filings, Applicant owes about \$18,029 to the Internal Revenue Service (IRS). He has yet to file his returns for tax years 2016~2018. (TR at page 33 line 1 to page 42 line 13, GX 3 at pages 14~16, and AppXs F~I.)

1.e. Applicant admits that he failed to file his state income tax returns for tax years 2018~2022, as he “saw that . . . [he]wasn’t getting anything back . . . I just didn’t think . . . [he] had to file them.” Only recently, in July of 2025, two months after the issuance of the SOR, Applicant filed his state income tax returns for tax years 2019~2022. He has yet to file his return for tax year 2018. (TR at page 33 line 1 to page 42 line 13, GX 3 at pages 14~16, and AppXs A~E.)

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 *a/so* 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. Four are potentially applicable in this case:

- (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; 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.

Applicant has over \$25,000 in past-due debts that he has yet to address. He also failed to file his Federal and state income taxes in a timely fashion for tax years 2016~2022. 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

(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.

Although Applicant has recently filed and addressed most of his delinquent Federal and state income tax filings, he has yet to address over \$25,000 of past-due debts. His financial problems are ongoing. He has a long history of delinquencies. Applicant has not demonstrated that future financial problems are unlikely. Mitigation under AG ¶ 20 has not been established.

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. 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.e:	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