



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



In the matter of:)
)
) ISCR Case No. 25-00599
)
Applicant for Security Clearance)

Appearances

For Government:
Rhett Petcher, Esquire, Department Counsel

For Applicant:
Pro se

04/08/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On June 4, 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 July 10, 2025, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on August 11, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on August 11, 2025, scheduling the hearing for October 1, 2025. However, this decision was delayed when all Administrative Judges were furloughed from October 1 through November 12, 2025, during a Federal Government shutdown due to a lapse in Federal funding. A second notice of hearing was issued on November 19, 2025, scheduling the hearing for January 27, 2026, however, Applicant failed to appear. Applicant averred that she was confused as to the date and time of the hearing. A third notice of hearing was issued on January 30, 2026, scheduling the hearing for February 23, 2026. The hearing was convened as twice rescheduled. The Government offered Exhibits (GXs) 1 through 6, which were admitted into evidence. Applicant testified on her own behalf and offered two documents, which I marked Applicant's Exhibits (AppXs) A and B, and admitted into evidence. The record was left open until March 23, 2026, for receipt of additional documentation. Applicant offered four documents which were marked as Post Hearing Exhibits (PHXs) A through D, and admitted into evidence. DOHA received the transcript of the hearing (TR) on March 4, 2026.

Findings of Fact

Applicant admitted to both allegations of the SOR, ¶¶ 1.a, and 1.b. After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 61-year-old employee of a defense contractor. She has been employed with the defense contractor since 1990. She is widowed and has three adult children. Applicant's mother, a son, and two grandchildren live with her. Applicant attributes her financial difficulties to Covid, as she was unemployed for three months taking care of her mother who contracted Covid, and to an automobile accident. Applicant was also unaware of her son defaulting on a car loan which she co-signed. (TR at page 5 line 15 to page 6 line 19, and at page 13 line 6 to page 23 line 25.)

Guideline F - Financial Considerations

1.a. Applicant admits a past-due vehicle repossession debt in the amount of about \$17,946. She co-signed for her live-in son's motor vehicle. He lost his job; and unbeknownst to Applicant, he stopped making his car payments. Since Applicant discovered the delinquency, she and her son have reached out to an assumed creditor about "50" times. The car dealership no longer exists; and as such, they have been relegated to making repeated telephone and email inquiries, but to no avail. This is also attested to by her son. Applicant wants to pay the admitted debt, but she is unable to discern who to pay. (TR at page 26 line 17 to page 31 line 4, AppX B and PHX C.)

1.b. Applicant admits a past-due medical bill to Creditor B in the amount of about \$1,071. Applicant was injured as a result of her automobile accident. Her elderly mother would routinely collect Applicant's mail and file it away in a bag. Applicant was unaware of the medical bill until she discovered the hidden mail bag, and she paid it in September of 2025, as evidenced by documentation. (TR at page 24 line 19 to page 26 line 16, and AppX B.)

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 about \$18,000 of admitted past-due debt. 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

Applicant attributes her two admitted debts to a car accident, and to her mother and her son keeping their existence from her. Once Applicant was appraised of their existence, she has addressed the medical debt and is making a good-faith effort to address the vehicle repossession debt. Mitigation under AG ¶ 20 has 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. 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 well at her job, as noted by three-character letters. (PHXs A, B and D.)

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. and 1.b: 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