



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



In the matter of:)
)
) ISCR Case No. 25-01234
)
)
Applicant for Security Clearance)

Appearances

For Government:
Carroll J. Connelley, Esq., Department Counsel

For Applicant:
Pro se

04/23/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Applicant did not mitigate the security concerns raised under the Financial Considerations adjudicative guideline. National security eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a Questionnaire for National Security Positions on July 12, 2022 (Questionnaire). On October 3, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline 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.

In a written response dated October 14, 2025, Applicant responded to the SOR (Answer). She requested that this case be decided on the written record in lieu of a hearing. In her Answer, she admitted to all the debts alleged in the SOR. On December 30, 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's Exhibits (GE) 1 to 8 and the Government's arguments in support of the SOR, was received by the Applicant on January 20, 2026. She was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns, but did not respond within the period specified to do so. The case was assigned to me on April 20, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is a 55-year-old employee with a DoD contractor who submitted the Questionnaire in connection with her employment. She completed some college courses in 2009, 2010, and 2015. She was married from 1992 – 2015, began living with a cohabitant in 2015, and has four adult children. She began working for the DoD contractor in October 2024. Applicant previously applied for a security clearance in 2022 while employed with another DoD contractor, but left that position prior to completion of the adjudication. As such, this is her second application for a security clearance. (GE 3 at 5, 10-11, 14, 21-22, 25-27, 34)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged that Applicant is ineligible for a security clearance because she has delinquent and unresolved debts in excess of \$37,000. I find the following facts regarding the history and status of the debts:

1.a. Auto Loan (\$8,475). Applicant took out a \$26,336 loan in April 2018 to purchase a vehicle. She stopped making payments on the car after leaving her job in November 2022 and voluntarily surrendered it the following year. The vehicle was sold, and the balance was purchased by a collection agency. Applicant disclosed the existence of this delinquent debt in the Questionnaire and admitted to it in her Answer. She has not contacted the debt holder and has made no payments to date. (GE 3 at 14, 36-37; GE 4 at 2; GE 5 at 3; GE 6 at 3, 6; GE 7 at 4; GE 8 at 2-3)

1.b. Personal Loan (\$7,041). Applicant took out nine different personal loans with Lender One from October 2020 through February 2022 totaling \$35,500. Applicant paid off each loan as agreed with the exceptions of the last \$5,000 loan and the \$6,000 loan discussed below under SOR ¶ 1.I. After the application of penalties and fees, by April 2024, the debt grew to the amount alleged in the SOR. Applicant took out the loan for "living arrangements and essentials." She did not disclose the existence of these delinquent debts in the Questionnaire but admitted to them in her Answer. She has, however, started a payment plan of \$50 per month (Answer; GE 3 at 36-38; GE 4 at 6-7; GE 5 at 4, 9-11; GE 6 at 7, 12-14; GE 7 at 5, 14, 21; GE 8 at 4)

1.c. Online store credit (\$1,418). Applicant made purchases from an online “pay later” vendor in September 2022 for “living arrangements and essentials.” The debt was sold to a collection agency by December 2024. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in her Answer. She has, however, started a payment plan of \$50 per month (Answer; GE 3 at 36-38; GE 4 at 2-3; GE 5 at 4; GE 7 at 6, 14, 21; GE 8 at 4)

1.d. Online store credit (\$960). Applicant opened four different lines of credit with this online retail outlet from July 2020 to April 2022. This particular line of credit was opened in November 2020 for “living arrangements and essentials.” The account was closed and charged off as a loss by August 2022. The debt was then purchased by a collection agency. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in her Answer. She has not contacted the lender and has made no payments to date. (Answer; GE 3 at 36-38; GE 5 at 6-7, 13, 15; GE 7 at 6; GE 8 at 7)

1.e. Payday Lender (\$937). Applicant took out six different personal loans with Lender Two from November 2020 through June 2022 totaling \$2,120. Applicant paid off each loan as agreed with the exception of the last \$750 loan. After the application of penalties and fees, by December 2024, the debt grew to the amount alleged in the SOR. Applicant took out the loan for “living arrangements and essentials.” She did not disclose the existence of these delinquent debts in the Questionnaire but admitted to them in her Answer. She has not contacted the lender and has made no payments to date. (Answer; GE 3 at 36-38; GE 4 at 3, 9-10; GE 5 at 5, 13-14; GE 6 at 8, 10-11; GE 7 at 6; GE 8 at 4)

1.f. Cell Phone (\$740). Applicant stopped making payments for her cell phone services in February 2022. The debt was sold to a collection agency by December 2023. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in her Answer. She has not contacted the lender and has made no payments to date. (Answer; GE 3 at 36-38; GE 4 at 3; GE 5 at 5; GE 6 at 5; GE 7 at 7; GE 8 at 5)

1.g. Payday Lender (\$651). This delinquent payday loan from Lender Three was purchased by a collection agency by March 2025. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in her Answer. She has not contacted the lender and has made no payments to date. (Answer; GE 3 at 36-38; GE 4 at 3)

1.h. Cable Service (\$603). Applicant stopped making payments for her cable services in February 2022. The debt was sold to a collection agency by July 2022. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in her Answer. She has not contacted the lender and has made no payments to date. (Answer; GE 3 at 36-38; GE 4 at 4; GE 5 at 5; GE 6 at 5; GE 7 at 7; GE 8 at 5)

1.i. Credit Card (\$190). Applicant took out this credit card in June 2020 for “living arrangements and essentials.” The debt was sold to a collection agency by January 2025. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in her Answer. She has not contacted the lender and has made no payments to date. (Answer; GE 3 at 36-38; GE 4 at 4; GE 5 at 6; GE 7 at 7; GE 8 at 6)

1.j. Auto Loan (\$3,374). Applicant took out a \$12,048 loan in December 2019 to purchase a vehicle. She stopped making payments on the car and voluntarily surrendered it in December 2024. The vehicle was sold, and the balance was charged off as a loss. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in her Answer. She has not contacted the debt holder and has made no payments to date. (Answer; GE 3 at 36-38; GE 4 at 5; GE 5 at 7; GE 6 at 7; GE 7 at 8; GE 8 at 7)

1.k. Auto Accident (\$7,311). Applicant was in an automobile accident in 2022, but her insurance did not cover all of her liabilities. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in her Answer. She has not contacted the debt holder and has made no payments to date. (Answer; GE 3 at 36-38; GE 5 at 4; GE 7 at 5; GE 8 at 3)

1.l. Personal Loan (\$6,000). This debt is the other delinquent personal loan from Lender One discussed above in SOR ¶ 1.b. The debt was purchased by a collection agency by August 2024. Applicant took out the loan for “living arrangements and essentials.” She did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in her Answer. She has not contacted the debt holder and has made no payments to date (Answer; GE 3 at 36-38; GE 5 at 4; GE 7 at 5, 14, 18, 21; GE 8 at 4)

Whole Person Evidence

Applicant was steadily employed by a component of the United States Government (USG) from November 2016 until February 2022. Feeling overworked and stressed, she left her position by taking vacation leave and not returning. She then began working in February 2022 for a DoD contractor but left that position in November 2022 to work nights at a cable service provider so she could assist her ailing parents during the day. Starting in February 2023, she became self-employed as a full-time homecare worker for her parents. She continued in this role until both parents passed, after which time she started working with the current DoD contractor/sponsor in October 2024. Her monthly net pay is approximately \$3,167 with expenses of approximately \$1,350. It appears she is paying \$50 per month on the debts listed in both SOR ¶¶ 1.b. and 1.c. The record contains no evidence of what if any income her cohabitant of ten years provides for the household. (GE 3 11-15; GE 7 at 14, 18, 21; GE 8 at 2)

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 *also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

Analysis

SOR Paragraph 1, 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 to all of the allegations under Guideline F:

- (a) inability to satisfy debts; and
- (c) a history of not meeting financial obligations.

The burden therefore shifts to Applicant to mitigate security concerns under Guideline F. The guideline includes the following conditions in AG ¶ 20 that can mitigate security concerns arising from Applicant's financial history:

- (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
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

The record evidence fails to establish AG ¶ 20(a), (b), or (d) for the conduct alleged, with the exception of SOR ¶¶ 1.b. and 1.c. (discussed above). Though the specifics of Applicant's wages and expenditures before and after her decision to leave her USG position are not contained in the record, it is not wholly speculative to presume she suffered reduced wages as a full-time caregiver to her ailing parents. That said however, many of her financial issues predated her departure from USG employment. Also, the record evidence is devoid of any bills, receipts, or specific expenditures. Instead, the vague phrase "living arrangements and essentials" is repeated, offering little insight. And while there is some evidence of a few payments to two of the many creditors (after issuance of the SOR) most of the creditors have not been contacted.

Accordingly, there is insufficient evidence for a determination that Applicant's financial problems have been resolved or will be resolved within a reasonable period. I am unable to find that she acted reasonably under the circumstances or that she made a good faith effort to pay all of her debts. Her financial issues are ongoing and continue to cast doubt on her current reliability, trustworthiness, and good judgment. None of the mitigating conditions are sufficiently applicable to mitigate the security concerns.

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 given the appropriate weight to Applicant's statements in her Questionnaire and her responses to interrogatories. Overall, the Guideline F issues in the record evidence leave me with questions and doubts as to Applicant's suitability for national security eligibility and a security clearance.

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 F:	AGAINST APPLICANT
Subparagraph 1.a:	Against Applicant
Subparagraphs 1.b. and 1.c:	For Applicant
Subparagraphs 1.d. through 1.l:	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. Eligibility for access to classified information is denied.

RICHARD A. CEFOLA
Administrative Judge