



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



In the matter of:)
)
) ISCR Case No. 25-00783
)
Applicant for Security Clearance)

Appearances

For Government:
Carroll J.P. Connelly, Esquire, Department Counsel

For Applicant:
Pro se

04/21/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On July 29, 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 August 18, 2025, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on September 15, 2025. The Defense Office of Hearings and Appeals (DOHA) originally issued a notice of hearing on September 16, 2025, scheduling the hearing for November 3, 2025. However, when all Administrative Judges were furloughed from October 1 through November 12, 2025, the hearing was cancelled and rescheduled, first to January 14, 2026. On December 23,

2025, Applicant requested “an extension regarding this date . . . [to] finalize getting some documents in order.” This request was granted, and the hearing was rescheduled and convened on February 19, 2026. The Government offered Exhibits (GXs) 1 through 6, which were admitted into evidence. Applicant testified on his own behalf and offered documents, which I marked Applicant’s Exhibits (AppXs) A through G, and admitted into evidence. After repeated requests, the record was left open until April 16, 2026, for receipt of additional documentation. On April 14, Applicant offered AppXs H-1, H-2 and H-3, which were admitted into evidence. DOHA received the transcript of the hearing (TR) on February 27, 2026.

Findings of Fact

Applicant admitted all the allegations of the SOR. After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 32-year-old employee of a defense contractor. He has been employed with the defense contractor since August of 2024. He is not married and has no children. Applicant attributes his current financial difficulties to periods of unemployment and underemployment, and to supporting his elderly mother. His annual income has recently increased from \$75,000 to \$90,000; and as such, he has about \$1,500 of monthly disposable income. (TR at page 5 line 15 to page 6 line 9, at page 14 line 23 to page 23 line 7, at page 43 line 23 to page 47 line 20, and GX 1 at pages 5, 11, 12, 17 and 23.)

Guideline F - Financial Considerations

1.a. Applicant admits that he failed to file his Federal income tax returns for tax years 2021~2023. After his hearing, Applicant submitted documentation showing he has filed his 2022 and 2023 Federal income tax returns, but has yet to file his 2021 Federal income tax return. (TR at page 23 line 12 to page 24 line 16, and AppXs H-3 at pages 1 and 2.)

1.b. Applicant admits that he failed to file his state income tax returns for tax years 2021~2023. Despite having nearly two months to do so, Applicant has submitted nothing further in this regard. (TR at page 24 line 17 to page 26 line 9.)

1.c. Applicant admits that he has a past-due debt to Creditor C in the amount of about \$2,043. Despite having nearly two months to do so, Applicant has submitted nothing further in this regard. (TR at page 33 line 22 to page 34 line 13.)

1.d. Applicant admits that he has a past-due debt to Creditor D, as the result of a vehicle repossession, in an unspecified amount. Despite having nearly two months to do so, Applicant has submitted nothing further in this regard. (TR at page 33 line 22 to page 34 line 13.)

1.e~1.k. Applicant admits that he has about \$18,000 in past-due student loans. He is making monthly payments of \$189.38 towards this admitted debt, as evidenced by documentation. (TR at page 28 line 5 to page 33 line 21, and AppXs E and H-2.)

1.l. Applicant admits that he has a past-due debt to Creditor L in the amount of about \$638. Despite having nearly two months to do so, Applicant has submitted nothing further in this regard. (TR at page 37 lines 8~13.)

1.m. Applicant admits that he has a past-due debt to Creditor M in the amount of about \$1,484. Despite having nearly two months to do so, Applicant has submitted nothing further in this regard. (TR at page 38 lines 9~21.)

1.n. Applicant admits that he has a past-due debt to Creditor N in the amount of about \$125. Despite having nearly two months to do so, Applicant has submitted nothing further in this regard. (TR at page 38 line 22 to page 39 line 3.)

1.o. Applicant admits that he has a past-due debt to Creditor O in the amount of about \$349. Despite having nearly two months to do so, Applicant has submitted nothing further in this regard. (TR at page 39 lines 4~7.)

1.p. Applicant admits that he has a past-due debt to Creditor P in the amount of about \$302. Despite having nearly two months to do so, Applicant has submitted nothing further in this regard. (TR at page 39 lines 8~11.)

1.q. Applicant admits that he has a past-due debt to Creditor Q in the amount of about \$156. Despite having nearly two months to do so, Applicant has submitted nothing further in this regard. (TR at page 39 lines 12~16.)

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 significant past-due indebtedness, and a history of not filing his Federal and state income taxes. The evidence is sufficient to raise these disqualifying conditions. None of the mitigating conditions under AG ¶ 20 are applicable. He has about \$1,500 of disposable income at the end of each month but has only addressed part of his delinquent Federal income tax returns. Financial Considerations is found against 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 respected in the workplace as attested to by a former colleague. (AppX H-1.)

However, 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.d:	Against Applicant
Subparagraphs 1.e.~1.k:	For Applicant
Subparagraphs 1.l.~1.r:	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 eligibility for a security clearance. Eligibility for access to classified information is denied.

Richard A. Cefola
Administrative Judge