



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



In the matter of:)
)
) ISCR Case No. 25-01156
)
)
Applicant for Security Clearance)

Appearances

For Government:
Tovah A. Minster, Esq., Department Counsel

For Applicant:
Pro se

04/20/2026

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 October 18, 2024 (Questionnaire). On September 19, 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 an undated statement received after the issuance of the SOR, Applicant responded to the SOR (Answer). He requested that this case be decided on the written record in lieu of a hearing. In his Answer, he admitted to all of the tax issues and debts alleged in the SOR. On January 21, 2026, 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 6 and the Government's arguments in support of the SOR, was received by the Applicant on February 6, 2026. He 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 13, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is a 47-year-old employee with a DoD contractor who submitted the Questionnaire in connection with his employment. He earned a master's degree in 2019, has been married since 2011, and has one minor child. He began working for the DoD contractor in September 2019. This is his first application for a security clearance. (GE 3 at 5, 12-13, 22, 28, 35)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged that Applicant is ineligible for a security clearance because he has unresolved tax issues (state and federal) as well as delinquent and unresolved debts in excess of \$92,000. I find the following facts regarding the history and status of the taxes and debts:

1.a. Federal tax debt (\$14,000). Applicant admits that he failed to pay his federal taxes for tax year 2023 as he did not have sufficient funds withheld from his paycheck. He avers that he is presently on a payment plan with the IRS to pay the back taxes but has not provided an Offer in Compromise or like documentation to show such an arrangement has either been solicited or is in place – or that any payments have been made to the IRS. Applicant made similar miscalculations for tax years 2017, 2018, and 2022, which he ultimately paid off through a payment plan. (Answer; GE 3 at 36-38; GE 4 at 3)

1.b. State tax debt (\$1,092). Applicant admits that he failed to pay his state taxes for tax year 2024 as he did not have sufficient funds withheld from his paycheck. He avers that he is presently on a payment plan with the state to pay the back taxes but has not provided documentation to show such an arrangement has either been solicited or is in place – or that any payments have been made to the state. Applicant made similar miscalculations for tax years 2017, 2018, and 2022, which he ultimately paid off through a payment plan. (Answer; GE 3 at 36-38; GE 4 at 3)

1.c. – 1.d. Private Student Loans (\$13,991). Applicant has two delinquent student loans with a private lender that were taken out in November 2007 and charged off by April 2023. Applicant did not disclose the existence of these delinquent debts in the Questionnaire but admitted to them in his Answer. Applicant avers that these two loans were supposed to be on deferment but did not provide any documentation in support of this assertion. He has made no payments to date. (Answer; GE 3 at 39-45; GE 4 at 4; GE 5 at 2-3; GE 6 at 2)

1.e. Online store credit (\$1,179). Applicant opened this line of credit with an online retail outlet in July 2022. The account was closed and charged-off as a loss by February 2025. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in his Answer. He suggested he was “in talks with the lender to make an agreeable arrangement” but did not provide any documentation in support of this assertion. Applicant provided no specificity as to the nature of his expenditures and has made no payments to date. (Answer; GE 3 at 39-45; GE 5 at 14; GE 6 at 2-3)

1.f. – 1.u. Government Student Loans (\$5,797). Applicant has 16 delinquent student loans held by the federal government that were taken out from approximately 2005 through 2018 during his undergraduate and graduate education at the same University. Applicant did not disclose the existence of these delinquent debts in the Questionnaire but admitted to them in his Answer. The balance due on the loans exceeds \$127,000, but the past due amount is presently \$5,797. Applicant avers that these loans were on deferment but did not provide any documentation in support of this assertion. Applicant has made no payments to date. (Answer; GE 3 at 12, 39-45; GE 6 at 4-6)

1.v. Charged-Off Account, credit card (\$459). Applicant has several credit cards with this bank. This particular account was opened in February 2021 and the amount of \$459 on a balance of \$2,489 became at least 120 days past due by August 2025. Applicant disclosed the existence of this delinquent debt in the Questionnaire and admitted to it in his Answer. Applicant avers that payments are being made to bring this account current but did not provide any documentation to support this assertion. Applicant provided no specificity as to the nature of his expenditures and has made no payments to date. (Answer; GE 3 at 41; GE 4 at 5; GE 6 at 7)

1.w. Collection Account, credit card (\$2,557). Applicant originally took out this credit card in 2015. It was closed by the creditor and sold to a collection agency by October 2024. Applicant disclosed the existence of this delinquent debt in the Questionnaire. He also admitted to the debt in his Answer but asserted he was “working on getting it removed” without stating a rationale, such as age, error, or fraud. Applicant provided no specificity as to the nature of his expenditures and has made no payments to date. (Answer, GE 3 at 43; GE 4 at 5; GE 5 at 3)

1.x. Charged-Off Account, credit card (\$861). This is a separate credit card from the same bank referenced in ¶1.v. above. This account was opened in February 2011 and subsequently charged off by October 2024. Applicant disclosed the existence of this delinquent debt in the Questionnaire. He also admitted to the debt in his Answer but asserted he was “working on getting it removed” without stating a rationale, such as age, error, or fraud. Applicant provided no specificity as to the nature of his expenditures and has made no payments to date. (Answer; GE 3 at 41; GE 4 at 5; GE 5 at 3)

1.y. Personal Loan (\$24,000). Applicant took out this loan in September 2015. By October 2020 it was charged off as a loss then apparently purchased by another unnamed lender. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in his Answer. He suggested he had attempted multiple times to make undefined arrangements with the lender, but the lender refused. Applicant provided no specificity as to the nature of his expenditures and has made no payments to date. (Answer; GE 3 at 39-45; GE 4 at 6; GE 5 at 4; GE 6 at 3)

1.z. – 1.bb. Personal Loans (\$21,200). Applicant took out three loans with this lender from October 2021 to August 2022. By December 2023, the loans were charged off as a loss then apparently purchased by another unnamed lender. Applicant disclosed the existence of these delinquent debts in the Questionnaire. He suggested he had attempted multiple times to make undefined arrangements with the lender, but the lender refused. Applicant provided no specificity as to the nature of his expenditures and has made no payments to date. (Answer; GE 3 at 39-40; GE 4 at 6-7; GE 5 at 4-5; GE 6 at 3)

1.cc. Charged-Off Account, credit card (\$6,169). Applicant originally took out a credit card with this bank in August 2014. By October 2019 it was charged off as a loss then apparently purchased by another unnamed lender. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted to it in his Answer. He suggested he had attempted multiple times to make undefined arrangements with the lender, but the lender refused. Applicant provided no specificity as to the nature of his expenditures and has made no payments to date. (Answer; GE 3 at 39-45; GE 4 at 5; GE 5 at 4)

Whole Person Evidence

Applicant worked on his bachelor’s and then master’s degrees at a University from August 2005 through May 2019. He married his wife in October 2011, had a daughter in 2019, and has been steadily employed since at least July 2010 apart from two periods of unemployment: December 2015 to August 2016 and May to September 2019. In August 2024, Applicant moved from the West Coast to the East Coast when his wife changed jobs. He also changed positions within his same company, but his gross salary dropped 65% to \$108,640 as an Engineer Supervisor. His previous salary was therefore approximately \$310,400 in his prior position as a System Analyst III, which he held from September 2019 through April 2024.

Concurrently, Applicant held a systems analyst position at a credit union from January 2023 through June 2024 making an undisclosed salary. His wife's salary – before or after the move – was likewise not disclosed in the record evidence. (GE 3 at 12-13; GE 4 at 9, 11, 17)

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;
- (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.

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;

(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.

The record evidence fails to establish AG ¶ 20(a), (b), (d) or (g) for the conduct alleged. The record evidence is devoid of any bills, receipts, specific expenditures, loan deferment documentation, or any discussion of how or why he was unable to address his debts given his high, steady income from 2019 – 2024. The record evidence is likewise devoid of documentation regarding agreements with, or payments to, taxing authorities. Moreover, Applicant had previously made the same withholding error in three previous tax years but still failed to correct the problem.

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 he acted reasonably under the circumstances or that he made a good faith effort to pay his debts. His financial issues are ongoing and continue to cast doubt on his 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 his Questionnaire and his 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
Subparagraphs 1.a through 1.cc:	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