



**DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:)
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Applicant for Security Clearance)
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ISCR Case No. 25-01429

Appearances

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

For Applicant:
Pro se

05/28/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Applicant did not mitigate the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a Questionnaire for National Security Positions on March 29, 2023 (Questionnaire). On November 20, 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.

On December 1, 2025, Applicant responded to the SOR in writing (Answer) and requested that this case be decided on the written record in lieu of a hearing. In her Answer, she admitted to all debts alleged in the SOR with the exception of SOR ¶ 1.e, which she indicated was in dispute. On February 27, 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 9 and the Government's arguments in support of the SOR, was received by the Applicant on March 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 specified 30-day period. The case was assigned to me on May 26, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 34 years old and has worked for a DoD contractor since 2013, living in three different states over thirteen years due to intra-company transfers. She was first a senior assembler until 2018, then became a material detail inspector until 2021, when she ultimately assumed the position of quality engineer. She completed her first application for a security clearance in connection with this employment. Applicant has never married, has no children, and received a bachelor's degree in 2021. (GE 2 at 5, 12-13, 20-21, 32; GE 3 at 2, 4)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged that Applicant is ineligible for a security clearance because she has seven delinquent and unresolved debts in excess of \$28,000. I find the following facts regarding the history and status of the debts:

1.a. Charged Off Account, Department Store (\$492): Applicant opened this line of credit on October 10, 2019. By May 2024, monthly payments become past due and by May 2025, the entire debt was charged off. Applicant did not disclose this debt in her Questionnaire but admitted it in her Answer, averring it was resolved in November 2025. Applicant did not, however, offer any evidence of payment. The credit reports in evidence likewise do not reflect any payments having been made. (Answer; GE 2 at 33; GE 4 at 3; GE 5 at 1; GE 6 at 1)

1.b. Charged Off Account, Personal Loan (\$16,623): Applicant opened this line of credit on February 25, 2021, to pay bills associated with unnamed family emergencies and "bill overload." By May 2023, the account was charged off by the lender. Applicant did not disclose this debt in her Questionnaire "because she didn't know it was on the credit report." She admitted the debt in her Answer while discussing a plan to "stay (sic) payments on this account next year." Presumably this is a typo and Applicant meant she intended to "start" payments next year. She did not, however, offer any evidence showing payment or a payment plan. The credit reports in evidence likewise do not reflect any payments having been made. (Answer; GE 2 at 33; GE 3 at 5; GE 4 at 2; GE 5 at 1; GE 6 at 1)

1.c. Collection Account, Cell Phone ONE (\$777): Applicant opened this cell phone service account on January 19, 2023. Applicant stopped making payments and the debt was sent to collections by April 2025. Applicant settled a previously charged-off debt with this cell phone carrier in December 2021. Applicant did not disclose this debt in her Questionnaire but admitted it in her Answer, averring that payment arrangements have been scheduled to resolve the debt. Applicant did not, however, offer any evidence showing payment. The credit reports in evidence likewise do not reflect any payments having been made. (Answer; GE 2 at 33; GE 3 at 6-7; GE 4 at 2; GE 5 at 1; GE 6 at 1)

1.d. Collection Account, Apartment ONE (\$4,560): In approximately February 2022, during of one of her employment relocations, Applicant broke a lease and failed to pay the lease termination fee. The debt was subsequently sent to collection, where it remains. Applicant did not disclose this debt in her Questionnaire but admitted it in her Answer, averring it would be resolved by January 16, 2026. Applicant did not offer any evidence showing payment. The credit reports in evidence likewise do not reflect any payments having been made. (Answer; GE 2 at 33; GE 3 at 4; GE 4 at 4; GE 5 at 6; GE 6 at 5)

1.e. Collection Account, Cell Phone TWO (\$1,048): Applicant opened this cell phone service account on August 28, 2024. Applicant stopped making payments and the debt was sent to collections by May 2025. This debt postdated Applicant's Questionnaire submission and she denied the debt in her Answer, averring that it contained "incorrect information." Applicant did not, however, explain what information was incorrect and did not offer any evidence of having filed a dispute with any credit reporting bureaus. The credit bureau report in evidence that references this account does not show a dispute having been filed. (Answer; GE 2 at 33; GE 6 at 5)

1.f. Collection Account, Car Insurance (\$307). Applicant originally took out this contract on April 7, 2024. Applicant stopped making payments and the debt was sent to collections by May 2025. This debt postdated Applicant's Questionnaire submission but she admitted the debt in her Answer, averring that it had been resolved. Applicant did not, however, offer any evidence showing payment. The credit reports in evidence likewise do not reflect any payments having been made. (Answer; GE 2 at 33; GE 6 at 5)

1.g. Collection Account, Apartment TWO (\$5,047): Applicant signed a lease agreement with a different apartment complex on November 30, 2023. The debt became past due on April 27, 2024, and was placed into collections where it remains. This debt postdated Applicant's Questionnaire submission but she admitted the debt in her Answer, averring that payment arrangements have been scheduled to resolve the debt. Applicant did not, however, offer any evidence showing payment. The credit reports in evidence likewise do not reflect any payments having been made. (Answer; GE 2 at 33; GE 5 at 6; GE 6 at 5)

Whole Person Evidence

Applicant submitted no comments or explanations in her Answer as whole person evidence in mitigation of the security concerns alleged in the SOR. The comments and explanations Applicant included in her discussion with the DoD investigator, however, were reviewed in their entirety.

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 the allegations under Guideline F:

- (a) inability to satisfy debts;
- (c) a history of not meeting financial obligations; and
- (e) consistent spending beyond one’s means or frivolous or irresponsible spending, which may be indicated by excessive indebtedness, significant negative cash flow, a history of late payments or of non-payment, or other negative financial indicators.

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. The record evidence does not contain a budget, bills, any specific discussion of expenditures, or any proof of payments having been made to any of the creditors in this case. There is no evidence of Applicant having received credit counselling and her credit reports show numerous credit lines with retailers and department stores, as well as several personal loans. As a result, there is insufficient evidence for a determination that Applicant's financial problems have been resolved or will be resolved within a reasonable period. I have considered her passing reference to unspecified "family emergencies", as well as her transfers and moves, but I am unable to find that she acted reasonably under the circumstances or that she made a good faith effort to pay her debts. Applicant's 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 also given the appropriate weight to Applicant's statements to the DoD investigator. Overall, however, the Guideline F issues in the record evidence leave me

