



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



In the matter of:)
)
) ISCR Case No. 24-00520
)
)
Applicant for Security Clearance)

Appearances

For Government:
John Renehan, Esq., Department Counsel

For Applicant:
Pro se

05/07/2026

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 March 18, 2023 (Questionnaire). On April 25, 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 July 5, 2025, Applicant responded to the SOR in writing (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 with the

exception of SOR ¶ 1.o, to which he did not respond. The non-response to SOR ¶ 1.o will be considered a denial. On December 10, 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 9 and the Government's arguments in support of the SOR, was received by the Applicant on December 18, 2025. 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 May 1, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is a 42-year-old employee with a DoD contractor who submitted the Questionnaire in connection with his employment, which began in March 2023. He is a high school graduate who was married from 2010 – 2017 and has two children. He has been living with a cohabitant since 2019. His gross annual pay is approximately \$65,000. His cohabitant's salary was not provided in the record evidence. He filed Chapter 7 bankruptcy in 2015 and is presently considering filing Chapter 13 but has not provided evidence of having done so. In May 2023, he signed with a debt consolidation service and executed a debt consolidation agreement (DCA), but the current status of his debts – and his payment history since signing – was not provided. He commented that he “had a rough few years and a good bit of that is my own doing,” also acknowledging, “a bit of poor money management.” (GE 2 at 5, 9, 16-20, GE 3 at 10, 14; GE 4 at 3, 5-7)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged that Applicant is ineligible for a security clearance because: he discharged over \$175,000 in liabilities with a 2015 bankruptcy filing; is \$25,000 behind in child support; has unresolved tax issues totaling over \$16,000 (federal and state); and has 11 delinquent and unresolved debts in excess of \$12,000 (GE 9 at 20). I find the following facts regarding the history and status of the taxes and debts:

1.a. Federal tax debt (\$7,783). Applicant is in arrears to the IRS for reasons he opted not to discuss in his responses to Government interrogatories. Applicant did not disclose the existence of this tax debt in the Questionnaire but admitted to it in his Answer. Applicant has not provided a statement or any other documentation discussing a plan to address this debt. (Answer; GE 2 at 31; GE 4 at 11-12)

1.b. State tax debt (\$8,422). Applicant is in arrears to State A ostensibly because the Yahoo account he used was hacked. Applicant did not disclose the existence of this tax debt in the Questionnaire but admitted to it in his Answer. He acknowledged a need to file amendments to tax years 2020 and 2022 but did not provide evidence of having done so. Applicant has not provided a statement or any other documentation discussing a plan to address this debt. (Answer; GE 2 at 31; GE 3 at 8; GE 4 at 13, 43-47)

1.c. State child support debt (\$25,228). Applicant is in arrears to State A after falling behind on his child support payments when he left his job in 2020. He went through a period of unemployment where he was supported by his cohabitant. He subsequently found only lower-paying jobs until being hired by the DoD contractor. Now his child support payments are being garnished from his wages. Applicant disclosed this debt in his Questionnaire and admitted to it in his Answer. (Answer; GE 2 at 32; GE 3 at 7; GE 4 at 5-6, 14, 29-42)

1.d. Bankruptcy – 2015. Applicant admits to having filed for Chapter 7 bankruptcy in November 2015, listing \$175,006 in liabilities against \$106,350 in assets. A discharge was granted to Applicant on February 3, 2016. (Answer; GE 8 at 6, 55)

1.e. Collection Account, Car Insurance One (\$150). Applicant's insurance payments became past-due and were turned over to a collection agency in January 2025. This debt post-dated Applicant's Questionnaire but he admitted it in his Answer. The debt also post-dates Applicant's DCA and Applicant has provided no documentation of payment or a plan to pay this debt. (Answer; GE 2 at 33-34; GE 7 at 2; GE 9 at 20)

1.f. Collection Account, Car Insurance Two (\$147). Applicant's insurance payments became past-due and were turned over to a collection agency by October 2020. Applicant did not disclose this debt in his Questionnaire but admitted it in his Answer. The debt is not included in his DCA and Applicant has provided no documentation of payment or a plan to pay this debt. (Answer; GE 2 at 33-34; GE 3 at 6; GE 4 at 5; GE 5 at 4; GE 6 at 3; GE 7 at 2; GE 9 at 20)

1.g. Collection Account, Online Retailer (\$225). Applicant made this installment-plan online purchase in August 2018. After the debt was listed as "seriously past due" it was turned over to a collection agency by March 2019. Applicant did not disclose this debt in his Questionnaire but admitted it in his Answer. The debt is included in his DCA, but Applicant has provided no documentation of payments. (Answer, GE 2 at 33-34; GE 3 at 5; GE 4 at 5; GE 5 at 4; GE 6 at 3; GE 7 at 2; GE 9 at 20)

1.h. Collection Account, Credit Card (\$796). Applicant originally took out this credit card in July 2022. After the debt was listed as "seriously past due" it was turned over to a collection agency by February 2024. Applicant did not disclose this debt in his Questionnaire but admitted it in his Answer. The debt is not included in his DCA and Applicant has provided no documentation of payment or a plan to pay this debt. (Answer, GE 2 at 33-34; GE 5 at 4; GE 6 at 2; GE 7 at 3; GE 9 at 20)

1.i. Collection Account, Car Insurance Two (\$214). Applicant has a second debt to the insurer listed in ¶ 1.f. that also became past-due and was turned over to a collection agency by October 2018. Applicant did not disclose this debt in his Questionnaire but admitted it in his Answer. The debt is included in his DCA, but Applicant has provided no documentation of payments. (Answer, GE 2 at 33-34; GE 3 at 6; GE 4 at 5; GE 5 at 4; GE 6 at 3; GE 7 at 3; GE 9 at 20)

1.j. Charged-Off Account, Credit Card (\$855). Applicant originally took out this credit card in October 2022. The debt was last paid in August 2023 and then charged off as a loss by February 2024. Applicant did not disclose this debt in his Questionnaire but admitted it in his Answer. The debt is included in his DCA, but Applicant has provided no documentation of payments. (Answer; GE 2 at 33-34; GE 3 at 7; GE 4 at 5; GE 5 at 4; GE 6 at 3-4; GE 7 at 3; GE 9 at 20)

1.k. Collection Account, Cell Phone (\$1,658). Applicant opened this cell phone service account in October 2020. After the debt was listed as “seriously past due” it was turned over to a collection agency by January 2024. Applicant did not disclose this debt in his Questionnaire but admitted it in his Answer. The debt is included in his DCA, but Applicant has provided no documentation of payments. (Answer; GE 2 at 33-34; GE 3 at 4; GE 4 at 4; GE 5 at 3; GE 6 at 2-3; GE 9 at 20)

1.l. Collection Account, Credit Card (\$2,650). Applicant originally took out this credit card in September 2018. After the debt became past due it was turned over to a collection agency by February 2024. Applicant did not disclose this debt in his Questionnaire but admitted it in his Answer. The debt is included in his DCA, but Applicant has provided no documentation of payments. (Answer; GE 2 at 33-34; GE 3 at 4; GE 4 at 4; GE 5 at 3; GE 9 at 20)

1.m. Charged-Off Account, Credit Card (\$1,193). Applicant originally took out this credit card in February 2017. After the debt became past due it was charged off as a loss by January 2024. Applicant did not disclose this debt in his Questionnaire but admitted it in his Answer. The debt is included in his DCA, but Applicant has provided no documentation of payments. (Answer; GE 2 at 33-34; GE 3 at 5; GE 4 at 5; GE 5 at 3; GE 9 at 20)

1.n. Collection Account, Credit Card (\$1,130). Applicant originally took out this credit card in July 2017. After Applicant’s divorce he could no longer afford the payments, the debt became past due, and it was turned over to a collection agency by February 2018. Applicant disclosed this debt in his Questionnaire and admitted it in his Answer. The debt is included in his DCA, but Applicant has provided no documentation of payments. (Answer; GE 2 at 33-34; GE 3 at 5; GE 4 at 5; GE 5 at 3; GE 9 at 20)

1.o. Collection Account, Credit Card (\$796). As Applicant did not respond to this allegation, his non-answer is viewed as a denial. That said, the record evidence shows this debt to clearly be duplicative of the one listed in ¶ 1.h. As such, it is found for Applicant. (Answer, GE 2 at 33-34; GE 5 at 4; GE 6 at 2; GE 7 at 3; GE 9 at 20)

Whole Person Evidence

Applicant was an aircraft worker for the DoD on a military base starting in January 2005. When he began to take leave to attend to his special needs child, he failed to file proper leave paperwork. The DoD determined Applicant had abused the leave system and he ended up leaving his position by mutual agreement in February 2020 – and due to “family stress.” Applicant became depressed and remained unemployed through the

rest of the year but then began working as an assistant manager at a restaurant through 2021. He was terminated from that position in December 2021 following a two-week bout with COVID and drew unemployment until May 2022 when he secured a new position as a crew chief at a tire store. He remained there until March 2023, when he returned to working at the military base with the DoD contractor.

As noted above, in 2015 Applicant discharged \$175,000 in liabilities, but again became delinquent on his debts in late 2017 following his divorce. He amassed another \$12,245 in debts and signed up with a debt consolidation service in May 2023, but no proof of payments to the service was included in the record evidence. He also began taking some financial courses online and using a financial credit counseling app. No other relevant matters in mitigation were provided. (GE 2 at 9-13, 31; GE 4 at 5; GE 8 at 6, 55; GE 9 at 20)

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, with the exception of SOR ¶1.0 (discussed above):

- (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, with the exception of SOR ¶ 1.o, which is redundant and found for Applicant. The record evidence contains a budget but otherwise fails to include bills, any specific discussion of expenditures, or any proof of payments having been made in accordance with the DCA. It is likewise devoid of documentation regarding agreements with, or payments to, taxing authorities.

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 have considered his 2017 divorce, as well as his employment issues, but I am unable to find that he acted reasonably under the circumstances or that he made a good faith effort to pay his debts. Applicant's 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 included in his Questionnaire and his responses to interrogatories. Overall, however, the majority of 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 through 1.n:	Against Applicant
Subparagraph 1.o:	For 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