DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00728
	)	
	)	
Applicant for Security Clearance	)	
	)	

Appearances

For Government:
Andre M. Gregorian, Esq., Department Counsel

For Applicant:
Pro se

06/16/2026

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 April 7, 2025 (Questionnaire). On October 29, 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 January 16, 2026, 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 his Answer, Applicant admitted to all the debt and tax issues alleged in the SOR. On March 25, 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 8 and the Government's arguments in support of the SOR, was received by the Applicant on April 9, 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 specified 30-day period. The case was assigned to me on June 12, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 49 years old and has worked for a DoD contractor since 2017 as a program analyst. Applicant served in the Army from 1997 – 2017, then he retired honorably as a Sergeant First Class (E 7). He completed his first application for a security clearance in connection with his Army service, then applied again while sponsored by this DoD contractor. He has been married since 1999 and has two grown children. He received a bachelor's degree in 2013. (GE 3 at 5, 8-10, 15, 20-21, 28)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged that Applicant is ineligible for a security clearance because he has delinquent and unresolved debts and tax issues, including consumer debts totaling over $48,000 and tax arrears in excess of $37,000. I find the following facts regarding the history and status of these issues:

1.a. Credit Card ONE – Charge Off ($24,126): Applicant admitted this debt in his Answer and acknowledged it in his Questionnaire. He opened this line of credit in March 1995 but did not explain the nature of the expenses or why he got behind in his payments. In his responses to interrogatories submitted on July 27, 2023, he claimed to be making payments toward this debt but did not provide any evidence in support. (Answer; GE 3 at 31; GE 4 at 3: GE 5 at 10; GE 6 at 1; GE 7 at 2; GE 8 at 5)

1.b. Auto Loan – Charge Off ($18,734): Applicant admitted this debt in his Answer. In his Questionnaire, however, he acknowledged a different auto loan debt to the same bank on a car that was purchased on August 19, 2017, for $24,000, then repossessed in May 2023. Applicant reported owing about $4,000 on this debt, but the amount shown in the credit reports provided by the Government reveal an outstanding balance of $18,734 – as alleged. The $4,000 debt to which Applicant apparently refers in his Questionnaire is a separate auto loan taken out from the same bank on May 17, 2017, for $33,000. After sale of that repossessed vehicle, the remaining debt is $4,086. The debt the Government chose to allege in SOR ¶ 1.b, however, is for the outstanding $18,734 due on the $24,000 auto loan. Applicant did not explain why he failed to make the payments on either loan. (Answer; GE 3 at 32; GE 6 at 3; GE 7 at 2-3; GE 8 at 4, 6)

1.c. Credit Card TWO - Delinquent ($3,250): Applicant admitted this debt in his Answer but did not mention it in his Questionnaire. In his July 27, 2023, responses to interrogatories, he avers to having paid off the debt but failed to provide evidence of the same. The most recent credit report provided by the Government (March 25, 2026) shows the balance of the loan has grown to $8,676 with a payment past-due amount of $76. Applicant did not discuss the nature of his expenditures or why he has been behind on payments. (Answer; GE 3 at 33; GE 6 at 2; GE 7 at 3; GE 8 at 7)

1.d. Mortgage Payments – Delinquent ($2,150): Applicant admitted this debt in his Answer but did not mention it in his Questionnaire. He took out a $311,592 mortgage on January 12, 2021, and per the credit reports provided by the Government, has been late on monthly payments on more than one occasion. In his July 27, 2023, responses to interrogatories, he avers to having paid off the debt but failed to provide evidence of the same. The most recent credit report provided by the Government (March 25, 2026) shows the balance of the mortgage is $268,301 with a payment past-due amount of $2,047. (Answer; GE 3 at 33; GE 6 at 2; GE 7 at 3; GE 8 at 2)

1.e. Failure to File Federal Tax Return (2019): Applicant admitted not filing his 2019 federal tax return in both his Answer and the Questionnaire. He stated that his failure to file was due to the Covid epidemic – and procrastination. In his Questionnaire he suggested that he was "currently working to resolve past tax situation through a legal tax expert," but as of the date of his response to interrogatories (July 7, 2025) he still had not filed his taxes. (Answer; GE 3 at 29-30; GE 4 at 9; GE 5 at 5, 8, 14)

1.f. Federal Tax Debt - $5,517 (2020): Applicant admitted to these arrears in his Answer but did not mention it in his Questionnaire. He filed the federal tax return for that year but has not settled the debt. Applicant did not provide any information about any plans he might have to pay back taxes. (Answer; GE 3 at 30; GE 4 at 5, 15)

1.g. Federal Tax Debt - $11,893 (2021): Applicant admitted to these arrears in his Answer but did not mention it in his Questionnaire. He filed the federal tax return for that year but has not settled the debt. Applicant did not provide any information about any plans he might have to pay back taxes. (Answer; GE 3 at 30; GE 4 at 5, 17)

1.h. Federal Tax Debt - $11,544 (2022): Applicant admitted to these arrears in his Answer but did not mention it in his Questionnaire. He filed the federal tax return for that year but has not settled the debt. Applicant did not provide any information about any plans he might have to pay back taxes. (Answer; GE 3 at 30; GE 4 at 5, 19)

1.i. Failure to File Federal Tax Return (2023): Applicant admitted not filing his 2023 federal tax return in his Answer but did not mention it in his Questionnaire. In his response to interrogatories submitted on July 7, 2025, he claimed to have filed his 2023 tax return some time in 2024. However, the IRS Account Transcript for the 2023 tax year, dated September 16, 2025, reports "No tax return filed." Applicant did not provide any information about any plans he might have to file this federal tax return. (Answer; GE 3 at 29-30; GE 4 at 9; GE 5 at 5, 21,

1.j. Federal Tax Debt - $8,937 (2024): Applicant admitted to these arrears in his Answer but did not mention it in his Questionnaire. He filed the federal tax return for that year but has not settled the debt. Applicant did not provide any information about any plans he might have to pay back taxes. (Answer; GE 3 at 30; GE 4 at 5, 22)

Whole Person Evidence

Applicant submitted no comments or explanations in his Answer as whole person evidence in mitigation of the security concerns alleged in the SOR. The comments and explanations Applicant included in both his Questionnaire and interrogatories, 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
>
> (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 any of the mitigating conditions under AG ¶ 20 for the tax issues alleged as Applicant has provided no documentation regarding agreements with, or payments to, taxing authorities. He has also not filed his tax returns for two separate years. Applicant's claim that he is "currently working to resolve past tax situation through a legal tax expert" does not constitute sufficient evidence to meet his burden to show compliance with tax laws and regulations. [ISCR 22-02168 at 4 (App. Bd. Nov. 18, 2024)].

Regarding his consumer debts, Applicant has provided no evidence of having made any payments and has not proffered a plan. 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 his claim that the covid epidemic affected his ability to file his taxes, but I am unable to find that he acted reasonably or responsibly under the circumstances or that he made a good faith effort to deal with his debts or tax issues. 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 also given the appropriate weight to Applicant's statements in his Questionnaire, responses to interrogatories, and discussions with the DoD investigators. I have also considered his 20 years of honorable military service. Overall, however, 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.j:	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is not clearly consistent with the interests of national security to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

RICHARD A. CEFOLA
Administrative Judge