DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01434
	)	
Applicant for Security Clearance	)	

Appearances

For Government:
Alison O'Connell, Esquire, Department Counsel

For Applicant:
Pro se

06/16/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On December 1, 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 March 16, 2026, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on April 6, 2026. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on April 10, 2026, scheduling the hearing for May 11, 2026. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 5, which were admitted into evidence. Applicant testified on his own behalf. The record was left open until June 11, 2026, for receipt of additional documentation. On June 10, 2026, Applicant offered two documents, which I marked Applicant's Exhibits (AppXs) A and B, which were admitted into evidence. DOHA received the transcript of the hearing (TR) on May 26, 2026.

Findings of Fact

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

Applicant is a 29-year-old employee of a defense contractor. He has been employed with the defense contractor since February 2025. Prior to that, Applicant was unemployed for five months in 2022, and for another two months in 2024. Applicant also had a second job as a driver for a fire department, but he lost that job and its secondary income due to COVID. Applicant has "some college." He is separated from his spouse and has three minor children. (TR at page 5 line 11 to page 6 line 3, at page 12 line 13 to page 20 line 10, and at page 22 line 5 to page 24 line 10.)

Guideline F - Financial Considerations

Two or three months prior to Applicant's hearing, he engaged the services of a debt relief program (DRP), towards which he makes bi-weekly payments of $343. The DRP has already reached settlement agreements on three of Applicant's admitted creditors. (TR at page 25 line 11 to page 28 line 2, and AppX B.)

1.a. Applicant admits a defaulted car loan to Creditor A in the amount of about $15,459. His estranged spouse "wrecked it," and unbeknownst to Applicant "hadn't paid the insurance on it." DRP is "In Negotiation" with Creditor A trying to settle this admitted debt, as evidenced by documentation. (TR at page 20 line 12 to page 22 line 3, at page 24 line 11 to page 28 line 3, and AppX B at page 2.)

1.b. Applicant admits their home was foreclosed upon by Creditor B in the amount of about $11,325. DRP is "In Negotiation" with Creditor B trying to settle this admitted debt, as evidenced by documentation. (TR at page 28 line 4 to page 30 line 5, and AppX B at page 2.)

1.c. Applicant admits a defaulted motorcycle loan to Creditor C in the amount of about $6,765. His estranged father-in-law took possession of the motorcycle and averred he would "take over the payments on it." The father-in-law did not and "basically just stopped communicating with" Applicant. DRP is "In Negotiation" with Creditor C trying to settle this admitted debt, as evidenced by documentation. (TR at page 30 line 6 to page 33 line 11, and AppX B at page 2.)

1.d. Applicant admits a credit card debt to Creditor D in the amount of about $2,984. DRP has settled this admitted debt to Creditor D, as evidenced by documentation. (TR at page 33 line 12 to page 36 line 2, and AppX B at page 1.)

1.e. Applicant admits a credit card debt to Creditor E in the amount of about $2,316. DRP is “In Negotiation” with Creditor E, trying to settle this admitted debt, as evidenced by documentation. (TR at page 36 line 9 to page 37 line 15, and AppX B at page 2.)

1.f. Applicant admits a second credit card debt to Creditor D in the amount of about $1,075. DRP is “In Negotiation” with Creditor D, trying to settle this admitted debt, as evidenced by documentation. (TR at page 33 line 12 to page 36 line 8, and AppX B at page 2.)

1.g. Applicant admits a cell phone debt to Creditor G in the amount of about $478. DRP has settled this admitted debt to Creditor G, as evidenced by documentation. (TR at page 37 line 17 to page 39 line 6, and AppX B at page 1.)

1.h. Applicant admits a debt to Creditor H in the amount of about $336. DRP is “In Negotiation” with Creditor H, trying to settle this admitted debt, as evidenced by documentation. (TR at page 39 line 7 to page 40 line 9, and AppX B at page 2.)

1.i. Applicant avers that he has paid the admitted debt to Creditor I, in the amount of $285, but has not offered anything further in this regard. (TR at page 40 line 10 to page 42 line 19, and GX 4 at page 6.)

1.j. Applicant admits an insurance debt to Creditor J in the amount of about $245. DRP has settled this admitted debt to Creditor J, as evidenced by documentation. (TR at page 42 line 20 to page 43 line 8, and AppX B at page 1.)

1.k. Applicant avers that he has paid the admitted insurance debt to Creditor K, in the amount of $153, but has not offered anything further in this regard. (TR at page 43 lines 9~24, and GX 3 at page 4.)

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 also* 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. Two are potentially applicable in this case:

(a) inability to satisfy debts; and

(c) a history of not meeting financial obligations.

Applicant had in excess of $40,000 of past-due indebtedness. The evidence is sufficient to raise these disqualifying conditions.

AG ¶ 20 provides conditions that could mitigate security concerns. I considered all of the mitigating conditions under AG ¶ 20 including:

(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, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances;

(c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source, such as a non-profit credit counseling service, and there are clear indications that the problem is being resolved or is under control; and

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

Applicant can attribute his past-due indebtedness to periods of unemployment or underemployment, and to financial difficulties caused by his estranged wife and by her father. Through the auspices of a debt relief program, he has settled about $3,700 of his admitted arrearages and is in negotiation with all but two of the remaining creditors. (Those two debts that he claims he paid are de minims, totaling less than $500.) Under the circumstances, Applicant is and has been making a good-faith effort to resolve his past delinquent debt. He must continue to live within his means and resolve his debt to remain eligible for access to classified information. Mitigation under AG ¶ 20 has been established. Financial Considerations is found for 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.

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. For this reason, I conclude Applicant mitigated 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: FOR APPLICANT

Subparagraphs 1.a~1k: For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is clearly consistent with the national interest to grant Applicant national security eligibility for a security clearance. Eligibility for access to classified information is granted.

Richard A. Cefola
Administrative Judge