DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00094
	)	
Applicant for Security Clearance	)	

Appearances

For Government:
William Miller, Esquire, Department Counsel

For Applicant:
Pro se

06/17/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On February 23, 2026, 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 13, 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 6, 2026, scheduling the hearing for May 12, 2026. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 4, 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. Applicant offered nothing further in support of his testimony. DOHA received the transcript of the hearing (TR) on June 9, 2026.

Findings of Fact

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

Applicant is a 59-year-old employee of a defense contractor. He has been employed as a "Principal Engineer" with the defense contractor since 2016. He holds a secret security clearance. He is divorced, but remarried, and has five adult children. Applicant's current wife is legally blind as the result of diabetes. She can no longer work at her $30,000 annual income job. He attributes their current financial difficulties to this loss of income, but Applicant does have $170,000 available in his 401 (k). (TR at page 6 lines 2~17, at page 12 line 9 to page16 line 15, at page 24 line 4 to page 29 line 5, at page 34 line 8 to page 35 line 12, and GX 1 at pages 25~26.)

Guideline F - Financial Considerations

1.a. Applicant admits a past-due debt to Creditor A in the amount of about $4,448. He avers he is making monthly payments towards this admitted debt; but despite having a month to do so, Applicant has submitted nothing further in support of his averment. As such, this allegation is found against Applicant. (TR at page 16 line 20 to page 17 line 14.)

1.b. Applicant admits a second, past-due debt to Creditor A in the amount of about $3,481. He avers he is "still working with them" as to this admitted debt; but despite having a month to do so, Applicant has submitted nothing further in support of his averment. As such, this allegation is found against Applicant. (TR at page 17 line 15 to page 18 line 15.)

1.c. Applicant admits a past-due, "debit card" debt to Creditor C in the amount of about $3,078. He avers he has settled this admitted debt, by way of a one-time payment of $769. This averment is, for the most part, supported by correspondence from this creditor. As such, this allegation is found for Applicant. (TR at page 18 line 16 to page 20 line 13, and Answer at attachment C.)

1.d. Applicant admits a past-due debt to Creditor D in the amount of about $2,989. He avers he has "tried to work out a payment plan" as to this admitted debt; but despite having a month to do so, Applicant has submitted nothing in support of his averment. As such, this allegation is found against Applicant. (TR at page 20 line 14 to page 21 line 16.)

1.e. Applicant admits a past-due debt to Creditor E in the amount of about $2,347. He avers he has reached out to Creditor E; but despite having a month to do so, Applicant has submitted nothing further in support of his averment. As such, this allegation is found against Applicant. (TR at page 21 line 17 to page 22 line 13.)

1.f. Applicant admits a past-due debt to Creditor F in the amount of about $2,260. He avers that since November of 2025, Applicant has been making monthly payments of $50 towards this admitted debt. This averment is supported by correspondence from this creditor. As such, this allegation is found for Applicant. (TR at page 22 line 14 to page 23 line 6, and Answer at attachment F.)

1.g. Applicant admits a past-due debt to Creditor G in the amount of about $2,094. He avers he has not reached out to Creditor G; and despite having a month to do so, Applicant has submitted nothing further in this regard. As such, this allegation is found against Applicant. (TR at page 23 lines 7~19.)

1.h. Applicant admits a past-due debt to Creditor H in the amount of about $1,225. He avers that since November of 2025, Applicant has been making monthly payments of $35 towards this admitted debt. This averment is supported by correspondence from this creditor. As such, this allegation is found for Applicant. (TR at page 23 line 20 to page 24 line 3, and Answer at attachment H.)

1.i. Applicant admits a past-due debt to Creditor I in the amount of about $871. He avers that since November of 2025, Applicant has been making monthly payments of $20 towards this admitted debt. This averment is supported by correspondence from this creditor. As such, this allegation is found for Applicant. (TR at page 24 lines 4~18, and Answer at attachment I.)

1.j. Applicant admits a past-due debt to Creditor J in the amount of about $710. He avers he "did pay that one in full"; but despite having a month to do so, Applicant has submitted nothing further in this regard. As such, this allegation is found against Applicant. (TR at page 24 line 19 to page 25 line 11.)

1.k. Applicant admits a past-due debt to Creditor K in the amount of about $695. He avers he "paid that one in full"; but despite having a month to do so, Applicant has submitted nothing further in this regard. As such, this allegation is found against Applicant. (TR at page 25 line 12 to page 26 line 3.)

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. Three are potentially applicable in this case:

> (a) inability to satisfy debts;
>
> (b) unwillingness to satisfy debts regardless of the ability to do so; and
>
> (c) a history of not meeting financial obligations.

Applicant had over $24,000 of past-due debts. 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; and

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

Applicant's financial problems are ongoing. Although he can attribute his financial difficulties to his wife's diabetes, her resulting near blindness, and her inability to work, Applicant does have $170,000 in a 401 (k) account, which he could easily use to address all of his past-due debts. Instead, he has only addressed about $7,000 of his $24,000 admitted, past-due indebtedness. He has not demonstrated that future financial problems are unlikely. Mitigation under AG ¶ 20 has not been established. Financial Considerations is found against 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 with questions and doubts as to Applicant's eligibility and suitability for a security clearance. He must be more proactive in addressing his admitted, past-due indebtedness. For this reason, I conclude Applicant failed to mitigate the Financial Considerations security concern.

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:	AGAINST APPLICANT
Subparagraphs 1.a. and 1.b:	Against Applicant
Subparagraph 1.c:	For Applicant
Subparagraphs 1.d. and 1.e:	Against Applicant
Subparagraph 1.f:	For Applicant
Subparagraph 1.g:	Against Applicant
Subparagraphs 1.h. and 1.i:	For Applicant
Subparagraphs 1.j. and 1.k:	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 for a security clearance. Eligibility for access to classified information is denied.

Richard A. Cefola
Administrative Judge