DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00074
	)	
	)	
Applicant for Security Clearance	)	
	)	

Appearances

For Government:
Erin P. Thompson, Esq., Department Counsel

For Applicant:
Pro se

07/13/2026

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 December 8, 2024 (Questionnaire). On February 27, 2026, 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 April 10, 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 her Answer, Applicant admitted to all the debts alleged in the SOR. On April 30, 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 May 13, 2026. She was afforded 30 days to file objections and submit material to refute, extenuate, or mitigate the security concerns, but did not respond. The case was assigned to me on July 8, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 40 years old and graduated from high school in 2004. She has worked for a defense contractor since 2022 as an aviation structural mechanic and applied for her security clearance in connection with this employment. She previously held a secret clearance in the U.S. Navy from 2006 – 2022, where she received an honorable discharge after serving as an Aviation Structural Mechanic Second Class (AM2).[1] She was married from 2007 – 2022, but as she and her husband were estranged and separated for some time, Applicant began living with a cohabitant in 2017. She has two children who live with her. (GE 3 at 5, 8-10, 14, 17, 26; GE 8 at 3)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged that Applicant is ineligible for a security clearance because she has delinquent consumer debts totaling over $46,000. The following facts pertain:

1.a. Credit Card ONE from Bank A – Charge Off ($26,589): Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it to a defense investigator and in her Answer. She took out this credit card in July 2021 and last paid on the account in March 2024. The account was charged off as bad debt by December 2024. Applicant provided no information about the nature of these expenses. In April 2025, she averred to having made an arrangement with the bank to begin making payments of $500 per month toward this debt starting May 2025, but in her responses to interrogatories submitted in December 2025, she acknowledged that she "still need(ed) to contact all companies to set up payment arrangements." Applicant has provided no evidence of having made payments toward this debt. (Answer; GE 3 at 28; GE 4 at 3, 9; GE 5 at 3; GE 6 at 2; GE 7 at 3; GE 8 at 4-5)

1.b. Personal Loan ONE from Bank A – Charge Off ($4,927): Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it to a defense investigator and in her Answer. She took out this loan in March 2023 and last

[1] Aviation Structural Mechanics (AM) maintain and repair all aircraft structural components, from the cockpit control panels to the landing gear and everything in between. https://www.navy.com/careers-benefits/careers/industrial-mechanical/aviation-structural-mechanic

paid on the account in late 2023. The account was charged off as bad debt by December 2024. Applicant provided no information about the nature of these expenses. In April 2025, she averred to having made an arrangement with the bank to begin making payments of $150 per month toward this debt starting May 2025, but in her responses to interrogatories submitted in December 2025, she acknowledged that she “still need(ed) to contact all companies to set up payment arrangements.” Applicant has provided no evidence of having made payments toward this debt. (Answer; GE 3 at 28; GE 4 at 3, 9; GE 5 at 3; GE 6 at 2; GE 7 at 1; GE 8 at 5)

1.c. Credit Card from Bank B – Collection ($3,867): Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it to a defense investigator and in her Answer. She took out this credit card in April 2024 and last paid on the account in March 2024. The account was placed for collection by December 2024. Applicant provided no information about the nature of these expenses. In April 2025, she suggested she was “in the process of making arrangements” with the bank to begin making payments toward this debt starting May 2025, but in her responses to interrogatories submitted in December 2025, she acknowledged that she “still need(ed) to contact all companies to set up payment arrangements.” Applicant has provided no evidence of having made payments toward this debt. (Answer; GE 3 at 28; GE 4 at 4, 9; GE 5 at 3; GE 6 at 2; GE 7 at 2; GE 8 at 5)

1.d. Credit Card TWO from Bank A – Charge Off ($3,352): Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it to a defense investigator and in her Answer. She took out this credit card in August 2007 and last paid on the account in March 2024. The account was charged off as bad debt by December 2024. Applicant provided no information about the nature of these expenses. In April 2025, she averred to having made an arrangement with the bank to begin making payments of $120 per month toward this debt starting May 2025, but in her responses to interrogatories submitted in December 2025, she acknowledged that she “still need(ed) to contact all companies to set up payment arrangements.” Applicant has provided no evidence of having made payments toward this debt. (Answer; GE 3 at 28; GE 4 at 4, 9; GE 5 at 4; GE 6 at 3; GE 7 at 3; GE 8 at 5)

1.e. Personal Loan from Bank C – Charge Off ($2,833): Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it to a defense investigator and in her Answer. She took out this loan in August 2021 and last paid on the account in September 2023. The account was charged off as bad debt by December 2024. Applicant provided no information about the nature of these expenses. In April 2025, she suggested she was “in the process of making arrangements” with the bank to begin making payments toward this debt starting May 2025, but in her responses to interrogatories submitted in December 2025, she acknowledged that she “still need(ed) to contact all companies to set up payment arrangements.” Applicant has provided no evidence of having made payments toward this debt. (Answer; GE 3 at 28; GE 4 at 4, 9; GE 5 at 4; GE 6 at 3; GE 7 at 3; GE 8 at 6)

1.f. Credit Card from Bank D – Collection ($1,731): Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it to a defense investigator and in her Answer. She took out this credit card in April 2024 and last paid on the account in mid-2024. The account was placed for collection by January 2025. Applicant provided no information about the nature of these expenses. In April 2025, she suggested she was "in the process of making arrangements" with the bank to begin making payments toward this debt starting May 2025, but in her responses to interrogatories submitted in December 2025, she acknowledged that she "still need(ed) to contact all companies to set up payment arrangements." Applicant has provided no evidence of having made payments toward this debt. (Answer; GE 3 at 28; GE 4 at 5, 9; GE 5 at 4; GE 6 at 3; GE 7 at 2; GE 8 at 6)

1.g. Personal Loan TWO from Bank A – Charge Off ($1,591): Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it to a defense investigator and in her Answer. She took out this loan in June 2023 and last paid on the account in late 2024. The account was charged off as bad debt by December 2024. Applicant provided no information about the nature of these expenses. In April 2025, she averred to having made an arrangement with the bank to begin making payments of $100 per month toward this debt starting May 2025, but in her responses to interrogatories submitted in December 2025, she acknowledged that she "still need(ed) to contact all companies to set up payment arrangements." Applicant has provided no evidence of having made payments toward this debt. (Answer; GE 3 at 28; GE 4 at 5, 9; GE 5 at 5; GE 6 at 3; GE 7 at 1; GE 8 at 6)

1.h. Personal Loan THREE from Bank A – Charge Off ($1,375): Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it to a defense investigator and in her Answer. She took out this loan in May 2023 and last paid on the account in mid-2024. The account was charged off as bad debt by December 2024. Applicant provided no information about the nature of these expenses. In April 2025, she averred to having made an arrangement with the bank to begin making payments of $110 per month toward this debt starting May 2025, but in her responses to interrogatories submitted in December 2025, she acknowledged that she "still need(ed) to contact all companies to set up payment arrangements." Applicant has provided no evidence of having made payments toward this debt. (Answer; GE 3 at 28; GE 4 at 5, 9; GE 5 at 5; GE 6 at 4; GE 7 at 1-2; GE 8 at 6-7)

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 and did not respond to the FORM. The comments and explanations Applicant included in both her responses to interrogatories and the interview by a defense 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 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 any of the mitigating conditions under AG ¶ 20 for the Applicant's consumer debts. She has provided no evidence that she avoided irresponsible spending or did not spend beyond her means in accumulating the debts. Moreover, she has provided no evidence of having made any payments, despite her claims over a year ago to a defense investigator that she had either established or was in the process of establishing payment plans for each debt. 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 am unable to find that she acted reasonably or responsibly under the circumstances or that she made a good faith effort to deal with 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. SOR ¶ 1 is found against Applicant.

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 honorable military service, her statements to the defense investigator, and her responses to interrogatories. 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.h:	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