DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00642
	)	
	)	
Applicant for Security Clearance	)	
	)	

Appearances

For Government:
Daniel P. O'Reilley, 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 23, 2021 (Questionnaire). On July 22, 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 September 9, 2025, 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 15, 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 9 and the Government's arguments in support of the SOR, was received by Applicant on April 21, 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 63 years old. She has worked for a defense contractor since 2010 as an office manager and applied for her first security clearance in connection with this employment. She married in 1981, divorced in 1998, and remarried in 2012. She has three grown children and received a bachelor's degree in 2011. (GE 3 at 5, 9-10, 14-15, 20-23, 29)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged Applicant is ineligible for a security clearance because she has delinquent consumer debts totaling over $67,000. The following facts pertain:

1.a. Credit Card from Bank A – Charge Off ($2,599): Applicant took out this credit card in May 2016 but did not explain the nature of her expenses. The account appears to have been charged off as bad debt some time after March 2024. Applicant provided no evidence of having made any payments toward this debt. (GE 4 at 4; GE 5 at 3; GE 6 at 5; GE 7 at 7)

1.b. Credit Card from Bank B – Charge Off ($1,285): Applicant took out this credit card in February 2023 but did not explain the nature of her expenses. The account appears to have been charged off as bad debt some time after March 2024. Applicant provided no evidence of having made any payments toward this debt. (GE 4 at 5; GE 5 at 3; GE 6 at 5)

1.c. Personal Loan ONE – Charge Off ($21,493): Applicant originally took out a loan with this bank in September 2017 for $12,080 (account #9174). She then refinanced the loan with the same bank in May 2019 for $24,498 (account #5194). She refinanced it a third time in December 2020 for $18,887 (account #1220). Her fourth refinance of the loan was in July 2023 for $21,569 (account #7233). The account appears to have been charged off as bad debt some time after March 2024. Applicant provided no explanation as to the nature of her expenses and provided no evidence of having made any payments toward this debt. (GE 4 at 4; GE 5 at 3; GE 6 at 5-7; GE 7 at 6, 10)

1.d. Credit Card ONE from Bank C – Charge Off ($2,902): Applicant took out this credit card in December 2020 but did not explain the nature of her expenses. The account appears to have been charged off as bad debt some time after March 2024. On May 2, 2025, Bank C brought a civil suit against Applicant for the amount alleged in this SOR subparagraph. After successful service of process on May 7, 2025, the bank was awarded a default judgment on July 2, 2025, for the amount alleged, plus costs, for a total of $3,013.37. Applicant provided no evidence of having made any payments toward this debt. (GE 4 at 5; GE 5 at 3; GE 6 at 5; GE 7 at 7; GE 8 at 10-11)

1.e. Credit Card TWO from Bank C – Charge Off ($1,817): Applicant took out this credit card in June 2021 but did not explain the nature of her expenses. The account appears to have been charged off as bad debt some time after March 2024. Applicant provided no evidence of having made any payments toward this debt. (GE 4 at 6; GE 5 at 3; GE 6 at 5; GE 7 at 8)

1.f. Credit Card THREE from Bank C – Charge Off ($1,295): Applicant took out this credit card in August 2023 but did not explain the nature of her expenses. The account appears to have been charged off as bad debt some time after February 2024. Applicant provided no evidence of having made any payments toward this debt. (GE 4 at 7; GE 5 at 3; GE 6 at 5)

1.g. Credit Card ONE from Bank D – Charge Off ($669): Applicant took out this credit card in October 2018 but did not explain the nature of her expenses. The account appears to have been charged off as bad debt some time after March 2024. Applicant provided no evidence of having made any payments toward this debt. (GE 4 at 7; GE 5 at 3; GE 6 at 6; GE 7 at 8)

1.h. Credit Card TWO from Bank D – Charge Off ($235): Applicant took out this credit card in August 2017 but did not explain the nature of her expenses. The account appears to have been charged off as bad debt some time after March 2024. Applicant provided no evidence of having made any payments toward this debt. (GE 4 at 8; GE 5 at 3; GE 6 at 6; GE 7 at 2)

1.i. Auto Loan ONE – Charge Off ($10,587): Applicant took out a $17,836 loan in May 2021. It is unclear from the record evidence if the car was repossessed, but the account appears to have been charged off as bad debt some time after February 2024. Applicant provided no evidence of having made any payments toward this debt. (GE 4 at 5; GE 5 at 3; GE 6 at 6)

1.j. Online Retail Site – Charge Off: Applicant took out this line of credit in April 2022 but did not explain the nature of her purchases or expenses. As of March 2024, the account had a balance of $414, with $87 listed as past due. By March 2025, the account was described as “charged off as bad debt,” with an unspecified debt amount having been purchased by another lender. The Government did name the current creditor or allege an amount owed. (GE 4 at 8; GE 5 at 3; GE 6 at 6; GE 7 at 10)

1.k. Personal Loan TWO – Charge Off: Applicant took out this line of credit in February 2022 but did not explain the nature of her expenses. As of January 2024, the account had a balance of $2,451, with no monies listed as past due. By July 2025, the account was described as "charged off as bad debt," with an unspecified debt amount having been purchased by another lender. The Government did name the current creditor or allege an amount owed. (GE 4 at 8; GE 5 at 3; GE 6 at 6)

1.l. Personal Loan THREE – Charge Off: Applicant took out this line of credit in March 2022 but did not explain the nature of her expenses. As of November 2023, the account was described as "charged off as bad debt," with an unspecified debt amount having been purchased by another lender. The Government did name the current creditor or allege an amount owed. (GE 4 at 9; GE 5 at 3; GE 6 at 6)

1.m. Auto Loan TWO – Collection ($20,611): Applicant took out a $25,342 loan in March 2023. The vehicle was repossessed and the creditor subsequently obtained a garnishment order on December 20, 2024, for $20,641.25. The amount garnished from Applicant's pay is based on a formula and varies depending on her earnings each week. As such, the weekly garnishment from January to March 2025 ranged from $91.56 to $197.25, averaging $156.72 per week, for a total amount paid during that time frame of $1,723.97. (GE 4 at 9, 23-33; GE 5 at 3; GE 6 at 6)

1.n. Credit Card from Bank E – Collection ($2,074): Applicant took out this credit card in June 2023 but did not explain the nature of her expenses. The account appears to have been placed for collection some time after March 2024. Applicant provided no evidence of having made any payments toward this debt. (GE 5 at 3; GE 6 at 8)

1.o. Credit Card FOUR from Bank C – Collection ($1,983): Applicant took out this credit card in November 2022 but did not explain the nature of her expenses. The account appears to have been placed for collection some time after March 2024. Applicant provided no evidence of having made any payments toward this debt. (GE 5 at 3; GE 6 at 8)

Whole Person Evidence

In both her Answer and responses to interrogatories, Applicant averred that her financial difficulties stemmed from the seasonal nature of her husband's work in construction, resulting in reduced wages during the winter. She provided a December 6, 2024, letter of retention from a bankruptcy attorney and indicated her intent to file a Chapter 13 petition by the end of 2025. Applicant also stated that the bankruptcy attorney advised her to cease paying on her debts. Her husband has switched to a job with more consistent pay and she has switched to part-time employment while now collecting her Social Security benefits. Applicant previously filed a Chapter 13 petition in 1991.

Though not alleged in the SOR, in addition to the civil judgment referenced above in SOR ¶ 1.d, Applicant was sued by Collection Agency ONE on June 16, 2025. After successful service of process on June 27, 2025, Collection Agency ONE was awarded a default judgment on September 3, 2025, for $1,983.55. A wage garnishment was issued on December 15, 2025. In addition, Collection Agency ONE brought another civil suit for a different account on January 27, 2026. After successful service of process on February 6, 2026, a petition for default judgment was filed on April 10, 2026. No further information on the status of this case was provided in the record evidence. A fourth civil action was brought against Applicant by Collection Agency TWO on June 16, 2025. After successful service of process on June 20, 2025, Collection Agency TWO was awarded a default judgment on August 22, 2025, for $5,819.38. A wage garnishment was issued on November 24, 2025. (Answer, GE 4 at 12-13, 17; GE 8 at 1-12)

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 Applicant's consumer debts. She has provided no evidence that she did not engage in irresponsible spending or did not spend beyond her means in accumulating the debts. Moreover, she has provided no evidence of having made any payments – except for involuntary wage garnishments – even prior to retaining a bankruptcy attorney. To that end, her plan to file a Chapter 13 bankruptcy petition by the end of 2025 has not come to fruition, either. 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 Applicant's discussion of her husband's seasonal employment, but there is no indication this is a recent phenomenon as opposed to a recurring issue to be factored into budgeting, spending, and saving. 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. With the exception of SOR ¶¶ 1.j, 1.k, and 1.l, which fail to reasonably notify Applicant of an amount owed, and which also name creditors that sold their interests to unnamed third parties, 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.

Also, given the Applicant's additional civil judgments not referenced in the SOR, it is important to note the well-established premise that unalleged conduct may still properly be considered by the judge [(ISCR Case No. 03-20327 at 3 (App. Bd. Oct. 26, 2006)]:

a. To assess an applicant's credibility;
b. To evaluate an applicant's evidence of extenuation, mitigation, or changed circumstances;
c. To consider whether an applicant has demonstrated successful rehabilitation;
d. To decide whether a particular provision of the Adjudicative Guidelines is applicable; or
e. To provide evidence for the whole person analysis.

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 her Answer and 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.i:	Against Applicant
Subparagraphs 1.j through 1.l:	For Applicant
Subparagraphs 1.k through 1.o:	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