DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01361
	)	
	)	
Applicant for Security Clearance	)	
	)	

Appearances

For Government:
Sakeena Farhath, Esq., Department Counsel

For Applicant:
Pro se

09/01/2026

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 22, 2024 (Questionnaire). On December 2, 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 April 9, 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 debts alleged in the SOR and included a written statement in mitigation. On July 1, 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 Applicant on July 7, 2026. He 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 August 26, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 31 years old, was married from 2014 to 2016, then married his current wife in 2019. He has one minor child with his first wife and two with his present wife. After high school he completed some college coursework and obtained additional vocational training. Applicant has been employed by a defense contractor since 2025 in information technology and applied for a security clearance in connection with this employment. He previously held a security clearance while serving in the Army from 2013 to 2021. Applicant was administratively separated from the Army for having an incomplete or unworkable family care plan and was honorably discharged as a Staff Sergeant (E-6). He denied having any financial issues in his Questionnaire except for child support arrears. (Answer; GE 3 at 5, 12-13, 18, 22-25, 29-30, 39-43; GE 8 at 1-3)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged Applicant is ineligible for a security clearance because he has delinquent consumer debts totaling over $126,000. The following facts pertain:

1.a. Department of Defense – Collection ($21,280): Applicant received a bonus from the Army when he reenlisted in 2020. He believes that is the source of this debt as he was separated prior to completing his term of enlistment. He claimed payment arrangements have been made, but provided no evidence of having contacted the creditor or having made any payments toward this debt. (GE 4 at 3; GE 5 at 3; GE 6 at 5; GE 7 at 2; GE 8 at 5)

1.b. Auto Loan from Bank A – Charge Off ($17,550): Applicant took out this 72-month loan on February 8, 2024, with monthly payments of $490. He last made a payment on February 9, 2026, and his July 2026 credit report lists the loan with a current balance of $12,620. Applicant provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 4 at 8; GE 5 at 3; GE 6 at 1)

1.c. Cell Phone – Collection ($9,425): Applicant contracted for services with this provider in approximately 2017. The account appears to have been assigned to a collection agency by December 2023. He claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any payments toward this debt. (GE 4 at 4; GE 5 at 3; GE 7 at 4; GE 8 at 5-6)

1.d. Child Support – Collection ($7,882): In his Questionnaire, Applicant acknowledged a $4,000 debt to the child support collection agency in the state where his oldest daughter lives. He suggested he had a plan to pay the debt off by increasing the amount automatically deducted from his paycheck and by using his tax refund. His July 2026 credit report, however, shows the past due amount has grown to $13,783 with the most recent payment having been made on December 31, 2025. (GE 3 at 41-42; GE 5 at 3; GE 6 at 4; GE 8 at 4-5)

1.e. Credit Card ONE from Bank B – Collection ($2,454): Applicant opened this account on March 3, 2014. It appears to have been assigned to collection by March 2024. His July 2026 credit report lists the account with a current balance of $2,705 and the most recent payment having been made on February 7, 2023. He claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 4 at 4; GE 5 at 3-4; GE 6 at 5; GE 7 at 4; GE 8 at 6)

1.f. Personal Loan from Bank C – Collection ($826): Applicant took out this loan sometime prior to March 24, 2022, at which time it was turned over to collection. He claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 4 at 5; GE 5 at 4; GE 6 at 3; GE 7 at 5; GE 8 at 6)

1.g. Storage Facility – Collection ($744): Applicant contracted for use of a storage facility in 2019. After moving his property out of the facility, he received an additional charge which was turned over to collection by April 2024. He claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 4 at 5; GE 5 at 4; GE 7 at 6; GE 8 at 6)

1.h. Auto Loan from Bank D – Charge Off ($18,524): Applicant took out this 51-month loan on September 4, 2020, with monthly payments of $313. He last made a payment on May 10, 2021, and his July 2026 credit report lists the loan with a current balance of $18,524. He claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 4 at 7; GE 5 at 4; GE 6 at 1-2; GE 7 at 7; GE 8 at 7-8)

1.i. Department of Education – Collection ($266): Applicant took out a $4,500, 120-month education loan in June 2019, which became seriously past due. His July 2026 credit report lists the loan with a current balance (and past due amount) of $5,144, with no record of recent payment. He provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 4 at 8; GE 5 at 5; GE 6 at 4)

1.j. Department of Education – Collection ($57): Applicant took out a $1,157, 120-month education loan in January 2021, which became seriously past due. His July 2026 credit report lists the loan with a current balance (and past due amount) of $1,243, with no record of recent payment. He provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 4 at 9; GE 5 at 5; GE 6 at 4)

1.k. Credit Card from Bank E – Collection ($198): Applicant opened this account in April 2024. His August 2025 credit report lists the account with a current balance of $534 and $198 past due over 150 days. He provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 5 at 5)

1.l. Personal Loan from Bank F – Charge Off ($14,930): Applicant contended this personal loan, opened in October 2016, was taken out via power of attorney by his first wife when he was deployed overseas. His May 2024 credit report also shows six additional personal loans from this bank taken out from December 2014 to February 2016 totaling over $18,000 – each paid as agreed. He nonetheless admitted to the SOR-alleged debt in his Answer and claimed payment arrangements have been made. He did not, however, provide evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 4 at 3, 10-11; GE 7 at 3; GE 8 at 5)

1.m. Auto Loan from Bank G – Collection ($14,172): Applicant took out a $13,653 auto loan in October 2016 but ultimately surrendered the vehicle via voluntary repossession. The account was later acquired by a debt collection service in September 2019. Applicant claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (GE 4 at 4, 7; GE 7 at 3; GE 8 at 5)

1.n. Personal Loan from Bank H – Collection ($11,062): Applicant took out this loan sometime prior to September 2023, at which time it was turned over to collection. He disavowed any knowledge of this loan when queried by a defense investigator on October 11, 2024, but he admitted to the debt in his Answer. He also claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (Answer; GE 4 at 4; GE 7 at 3; GE 8 at 5)

1.o. Credit Card TWO from Bank B – Collection ($1,902): Applicant opened this account in March 2014. It appears to have been assigned to collection by March 2024. He disavowed any knowledge of this account when queried by a defense investigator on October 11, 2024, but he admitted to the debt in his Answer. He also claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (Answer; GE 4 at 5; GE 7 at 4; GE 8 at 6)

1.p. Cable/Internet Services ONE – Collection ($1,552): Applicant contracted for services with this provider in approximately 2017. The account appears to have been assigned to a collection agency by April 2018. On October 11, 2024, he told a defense investigator he had turned in all of the equipment to the provider and did not owe anything on the account – but he admitted to the debt in his Answer. He also claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (Answer; GE 4 at 5; GE 7 at 5; GE 8 at 6)

1.q. Personal Loan from Bank I – Collection ($1,220): Applicant took out this loan sometime prior to November 2019, at which time it was turned over to collection. He disavowed any knowledge of this loan when queried by a defense investigator on October 11, 2024, but he admitted to the debt in his Answer. He also claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (Answer; GE 4 at 5; GE 7 at 5; GE 8 at 6)

1.r. Credit Card from Bank J – Collection ($521): Applicant took out this loan sometime prior to June 2019, at which time it was turned over to collection. He disavowed any knowledge of this loan when queried by a defense investigator on October 11, 2024, but he admitted to the debt in his Answer. He also claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (Answer; GE 4 at 6; GE 7 at 6; GE 8 at 7)

1.s. Credit Card from Bank K – Collection ($501): Applicant took out this loan sometime prior to August 2020, at which time it was turned over to collection. He disavowed any knowledge of this loan when queried by a defense investigator on October 11, 2024, but he admitted to the debt in his Answer. He has provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (Answer; GE 4 at 6; GE 7 at 6; GE 8 at 7)

1.t. Cable/Internet Services TWO – Collection ($469): Applicant contracted for services with this provider in approximately 2015. The account appears to have been assigned to a collection agency by February 2024. His July 2026 credit report lists the current balance at $437 but does not reflect any payments. On October 11, 2024, he told a defense investigator he had turned in all of the equipment to the provider and did not owe anything on the account – but he admitted to the debt in his Answer. He also claimed payment arrangements have been made but provided no evidence of having contacted the creditor or having made any recent payments toward this debt. (Answer; GE 4 at 6; GE 6 at 4; GE 7 at 7; GE 8 at 7)

1.u. Cable/Internet Services ONE – Collection ($306): This allegation reflects an additional charge by the same service provider referenced above in SOR ¶ 1.p. The findings of fact are identical.

Whole Person Evidence

The comments and explanations Applicant included in his Answer, Questionnaire, discussions with the defense investigator, and interrogatories were reviewed in their entirety. In his submissions, Applicant solely attributed his financial difficulties to his unanticipated separation from the Army in 2021 and denied having willfully disregarded any of his obligations. After a period of "inconsistent and suboptimal employment" through October 2025, he finally obtained stable employment. He claimed to have "re-engaged with creditors," and suggested he was "in the process of establishing repayment arrangements" as he prioritizes resolution "of all delinquent accounts in a structured and realistic manner." Applicant did not provide a current paystub or fill out the personal financial statement as requested in his responses to interrogatories dated July 29, 2025. Additionally, he did not provide evidence of having communicated with his creditors, let alone having entered into any settlement plans. (Answer; GE 7 at 10-12)

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 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 of the allegations under Guideline F:

(a) inability to satisfy debts; and

(c) a history of not meeting financial obligations.

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, 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 debts. He has provided no evidence that he did not engage in irresponsible spending or did not spend beyond his means in accumulating the debts. Indeed, many of the debts were acquired prior to his separation from the Army. Moreover, he has provided no evidence of having made any payments. 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 general discussion of the financial difficulties he encountered after separating from the Army; but given the lack of any evidence that he has taken any steps toward addressing these debts, 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. 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. 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 Answer, interrogatories, and military service. Because Applicant requested a determination on the written record without a hearing, I had no opportunity to question him or evaluate his credibility based on demeanor. Overall, 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.u:	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