DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00201
	)	
	)	
Applicant for Security Clearance	)	
	)	

Appearances

For Government:
Carroll J. Connelley, Esq., Department Counsel

For Applicant:
Pro se

09/01/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Applicant mitigated the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

Applicant submitted a Questionnaire for National Security Positions on August 6, 2025 (Questionnaire). On April 10, 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 May 27, 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 the sole debt alleged in the SOR and submitted a written statement in mitigation (with enclosures). On June 17, 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 June 29, 2026. He provided a timely response to the FORM (Response) with an undated cover letter and four documents that have been labeled as Applicant Exhibits (AE) A, B, C, and D. The case was assigned to me on August 26, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 64 years old. His first marriage was from 1986 to 2005, and he has been married to his current wife since 2010. He has two grown children with his first wife and a grown stepson with his present wife. After high school he obtained additional vocational training. Applicant has been employed by a defense contractor since 2024 as a senior editor and applied for a security clearance in connection with this employment. He previously held a security clearance while serving in the Navy from 1983 to 2004, after which he retired honorably as a Chief Petty Officer (E-7). He denied having any financial issues in his Questionnaire except for a settled tax debt from 2019. (Answer; GE 2 at 5, 8-10, 15, 18-19, 25-26, 40)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged Applicant is ineligible for a security clearance because he has a delinquent consumer debt totaling $22,830. The following facts pertain:

1.a. Credit Card – Collection ($22,830): Applicant opened this credit card with a credit union on April 7, 2015. He acknowledged that he and his wife overextended themselves via excessive usage of several credit cards, including this one. His June 2026 credit report shows an account balance of $22,830 past due with the most recent payment dated October 8, 2021. As of June 26, 2026, however, Applicant entered into a settlement agreement with the credit union for $9,133. He agreed to pay $254 per month for 36 months and provided proof of his first payment dated June 26, 2026. Applicant did not address this debt sooner because his wife told him several years ago that the debt had already been written off. Once he was alerted to the issue in April 2026 by his Facility Security Officer (FSO), he and his wife immediately started corresponding with the credit union to set up a payment plan. (AE A; AE B; AE C; GE 3 at 2, 8; GE 5 at 3; GE 6 at 4; GE 7 at 4)

Whole Person Evidence

Applicant served in the Navy for 22 years and then worked on government projects as a contractor for another 21 years. He received a letter of appreciation on May 11, 2026, from a Director at a Navy command for exceptional work on a major project. He and his wife are in a better position to manage their finances now as he recently got a raise and his wife works part time to help with the bills. His gross monthly income is $10,927. He described their financial situation as having gone through a "rough spot," but now they have "taken care of it." He and his wife utilized a credit counseling service to enter into payment plans and successfully settle 14 other debts totaling over $44,000. Applicant avers they are not behind on anything now and operate in a financial environment where they only charge what they can afford. (Answer; Response; AE D; GE 3 at 5; GE 8)

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;
>
> (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;
>
> (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's history of overextending himself financially through credit cards, by itself, presents concerns about his judgment. At the same time however, Applicant and his wife showed they were able to successfully reverse course as they tackled a large amount of credit debt through a credit counseling service, then reliably made monthly payments until the debts were satisfied. His monthly income is substantial, he has a proven track record of paying down settled debt, and he is adhering to a good-faith effort to repay the final debt alleged in the SOR in accordance with the terms of the agreed-upon settlement. There are clear indications that the problem is under control. The circumstances leading up to the debt are unlikely to recur and do not cast doubt on Applicant's current reliability, trustworthiness, or good judgment. AG ¶ 20(a), (c), and (d) apply. SOR ¶ 1 is found for 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 statements in his Answer, Response, military service, and AE A, B, C, and D. Overall, the record evidence leaves me without 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:	FOR APPLICANT
Subparagraph 1.a:	For Applicant

Conclusion

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

RICHARD A. CEFOLA
Administrative Judge