DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:)
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) ISCR Case No. 26-00328
)
)
Applicant for Security Clearance)
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Appearances

For Government:
Andre M. Gregorian, Esq., Department Counsel

For Applicant:
Pro se

09/03/2026

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 September 17, 2025 (Questionnaire). On April 15, 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 25, 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 and included a written statement in mitigation. She also included attachments that have been marked as Applicant Exhibits (AE) A (undated first page of a Student Loan Promissory Note); AE B (first page of debt collector letter dated February 6, 2026); and AE C (Court Protective Orders).

On July 7, 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 7 and the Government's arguments in support of the SOR, was received by Applicant on July 9, 2026. Applicant timely responded to the FORM on August 5, 2026, with an additional statement in mitigation (Response), as well as attachments that have been marked as AE D (Bankruptcy Court Certificate of Counseling) and AE E (first page of a Department of Education Loan Rehabilitation Package dated July 13, 2026). The case was assigned to me on September 2, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 40 years old, single, and has two minor children. After high school she completed some college coursework. Applicant has been employed by a defense contractor since June 2024 as a systems security engineer and applied for a security clearance in connection with this employment. She was steadily employed at various jobs from November 2007 until March 2024, when she was dismissed for performance. She was unemployed for about two months until May 2024, when she obtained another position. She held that job until June 2024 when she moved to her present job, which has a $125,000 annual salary. In 2021 her long-time cohabitant, with whom she had her two children and joint expenses, moved out of her house. The record is silent regarding child support. (Answer; GE 3 at 5, 10-17, 20-22; GE 7 at 1-2, 5-6)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged Applicant is ineligible for a security clearance because she has delinquent consumer debts totaling $107,120 and another $4,965 in education loan debt. The following facts pertain:

1.a. Credit Card ONE – Charge Off ($26,658): Applicant took out this credit card on February 5, 2021, with a $25,000 credit limit. She last paid on the account on March 29, 2023. She averred generally that her credit card use was limited to incidentals, groceries, and living expenses. Her current plan is to file bankruptcy for all of her consumer debts. (Answer; Response; GE 4 at 1; GE 5 at 2; GE 6 at 6-7; GE 7 at 4)

1.b. Credit Card TWO – Charge Off ($25,722): Applicant took out this credit card on July 30, 2020, with a $25,000 credit limit. She last paid on the account on March 13,

2023. She averred generally that her credit card use was limited to incidentals, groceries, and living expenses. Her current plan is to file bankruptcy for all of her consumer debts. (Answer; Response; GE 4 at 1; GE 5 at 2; GE 6 at 6; GE 7 at 4)

1.c. Auto Loan ONE – Charge Off ($22,286): Applicant took out a loan for $29,599 on December 6, 2022, and last paid on the account on February 21, 2025. She explained how she financed an Audi and an Infiniti for her former cohabitant and a BMW for herself – though she could not recall which loan applied to which vehicle. All three were ultimately repossessed. Her current plan is to file bankruptcy for all of her consumer debts. (Answer; Response; GE 4 at 1; GE 5 at 2; GE 6 at 2; GE 7 at 3)

1.d. Auto Loan TWO – Charge Off ($17,831): Applicant took out a loan for $30,071 on December 15, 2022, and last paid on the account on July 17, 2025. As discussed above, the three cars she financed were ultimately repossessed. Her current plan is to file bankruptcy for all of her consumer debts. (Answer; Response; GE 4 at 1; GE 5 at 3; GE 6 at 1-2; GE 7 at 3)

1.e. Auto Loan THREE – Charge Off ($11,237): Applicant took out a loan for $12,919 on March 24, 2022, and last paid on the account on March 30, 2023. As discussed above, the three cars she financed were ultimately repossessed. Her current plan is to file bankruptcy for all of her consumer debts. (Answer; Response; GE 4 at 1; GE 5 at 3; GE 6 at 1-2; GE 7 at 3)

1.f. Credit Card THREE – Charge Off ($3,386): Applicant took out this credit card on May 10, 2022, with a $3,000 credit limit. She last paid on the account on June 21, 2024. She averred generally that her credit card use was limited to incidentals, groceries, and living expenses. Her current plan is to file bankruptcy for all of her consumer debts. (Answer; Response; GE 4 at 1; GE 5 at 3; GE 6 at 6; GE 7 at 4)

1.g – 1.o. Student Loans – Past Due ($4,965 in total): From December 15, 2025, through February 17, 2026, Applicant took out nine student loans in amounts ranging from $2,510 to $7,241 for a total of $38,307. In her January 2026 credit report, the past due amount of each loan totaled the amount alleged in the SOR. By the time her July 2026 credit report was issued, however, each loan was listed as past due in excess of the amount actually borrowed for a total of $38,960. None of the accounts reflect any payments having been made to date. Applicant averred that the loan payments became late during her two months of unemployment in 2024. She also stated that for a period of time, due to a technical issue with the student loan website, she was unable to access or monitor the accounts. On July 13, 2026, in response to her request, the Department of Education sent her a Loan Rehabilitation: Income and Expense Information package. On July 19, 2026, she sent a $100 payment on the debt via money order. (Answer; Response; AE A; AE E; GE 4 at 1-2; GE 5 at 4-7; GE 6 at 4-6; GE 7 at 5)

Whole Person Evidence

The comments and explanations Applicant included in her Answer, Response, Questionnaire, and statements to the defense investigator were reviewed in their entirety. In her submissions, Applicant averred that her financial difficulties did not result from irresponsibility but rather “a period of significant personal hardship, including domestic abuse, relationship-related financial exploitation, unemployment, and financial instability.” As a result, she suggested her “financial situation became survival-based.” (Answer; Response; AE C)

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.

It is well-established that a security clearance adjudication is not a proceeding aimed at collecting an applicant's debts. Rather, it is a proceeding aimed at evaluating an applicant's judgment, reliability, and trustworthiness. ISCR Case No. 22-02281 at 3 (App. Bd. Feb. 13, 2024). This is because failure to meet financial obligations may indicate unwillingness to abide by rules and regulations, thereby raising questions about an applicant's ability to protect classified information. ISCR Case No. 17-04110 at 3 (App. Bd. Sep. 26, 2019).

In this case, Applicant has provided little to no evidence that she did not engage in irresponsible spending or did not spend beyond her means in accumulating the debts. To that end, it is difficult to reconcile Applicant's disavowal of irresponsible spending when, over an eight-month span in 2022, she and her former cohabitant financed an Audi, an Infiniti, and a BMW for a total of $72,589. Likewise, her contention that unemployment was a considerable factor is perplexing given that there is no evidence of any significant period of unemployment since 2007 but for two months in mid-2024, just prior to obtaining her present position with a $125,000 annual salary. What if any steps she then took to address these debts during those two years of well-compensated employment, prior to receipt of the SOR, is wholly unclear from the record.

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 personal difficulties she encountered with her former cohabitant and her plan to ultimately address her debts via bankruptcy and student loan rehabilitation. At this point however, these plans have not come to fruition and mitigation has not occurred. Consequently, 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 AG ¶ 20 mitigating conditions, whether reviewed separately or jointly, 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, Response, exhibits, and interview comments with a defense investigator. Because Applicant requested a determination on the written record without a hearing, I had no opportunity to question her or evaluate her credibility based on demeanor. Overall, the Guideline F issues 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.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