



**DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 26-00215

Appearances

For Government:
Carroll Connelley, Esquire, Department Counsel

For Applicant:
Pro se

09/02/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On March 20, 2026, in accordance with Department of Defense (DoD) Directive 5220.6, as amended (Directive), the DoD issued Applicant a Statement of Reasons (SOR) alleging facts that raise security concerns under Guideline F (Financial Considerations). The SOR further informed Applicant that, based on information available to the government, DoD adjudicators could not make the preliminary affirmative finding it is clearly consistent with the national interest to grant or continue Applicant's security clearance.

Applicant answered the SOR on April 23, 2026, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on June 1, 2026. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on June 2, 2026, scheduling the hearing for July 21, 2026. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 9, which were admitted into evidence. Applicant testified on her own behalf, called her manager to testify as a witness, and

offered Applicant's Exhibits (AppXs) A through C, which were admitted into evidence, without objection. The record was left open until August 20, 2026, for receipt of additional documentation. On August 18, 2026, Applicant offered Post-Hearing Exhibits (PHXs) A through J, which were admitted into evidence, without objection. DOHA received the transcript of the hearing (TR) on August 17, 2026.

Findings of Fact

Applicant admitted all the allegations in SOR. After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact. Applicant is a 37-year-old employee of a defense contractor. She attributes the alleged financial difficulties to an 18-month period of unemployment due to COVID, from June of 2020 through November of 2021. Applicant has obtained the services of two credit-counseling companies. She is unmarried and has two minor children. (TR at page 5 line 16 to page 6 line 7, at page 20 line 3 to page 21 line 25, and GX 1 at pages 19, 20 and 22.)

Guideline F - Financial Considerations

1.a. Applicant admits that she had a past-due credit card debt to Creditor A in the amount of about \$12,105. Applicant is making monthly payments of \$150 towards this admitted debt which has been reduced to \$11,355, as evidenced by documentation from one of her credit-counseling companies. (TR at page 22 lines 1~8, at page 26 line 3 to page 28 line 18, and PHX E.)

1.b. Applicant admits that she had a past-due credit card debt to Creditor B in the amount of about \$7,878. Applicant is making monthly payments of \$100 towards this admitted debt which has been reduced to \$7,278, as evidenced by documentation from one of her credit-counseling companies. (TR at page 28 line 19 to page 30 line 13, at page 32 line 15 to page 33 line 22, and PHX C.)

1.c. Applicant admits that she had a past-due credit card debt to Creditor C in the amount of about \$6,000. Applicant is making monthly payments of \$100 towards this admitted debt which has been reduced to \$5,300, as evidenced by documentation from one of her credit-counseling companies. (TR at page 33 line 24 to page 35 line 12, and PHX D.)

1.d. Applicant admits that she had a past-due credit card debt to Creditor D in the amount of about \$1,407. This admitted debt has been written off by Creditor D as a business loss; and as such, Applicant declared this as taxable income on her 2025 Federal income tax filing, as evidenced by tax documentation. (TR at page 35 line 2 to page 36 line 11, AppX C, and PHX F.)

1.e. Applicant admits that she had a past-due credit card debt to Creditor E in the amount of about \$638. Applicant has paid this admitted debt, as evidenced by

documentation from Creditor E showing a current balance of “\$0.00.” (TR at page 36 line 12 to page 37 line 13, and AppX A.)

Policies

When evaluating an applicant’s national security eligibility, the administrative judge must consider the adjudicative guidelines (AG). In addition to brief introductory explanations for each guideline, the adjudicative guidelines 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, administrative judges apply the guidelines 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. According to AG ¶ 2(a), the entire process is a conscientious scrutiny 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 that “[a]ny 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.

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Directive ¶ E3.1.15 states 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 applies for access to classified information seeks to enter 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 access to classified information. 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 information.

Section 7 of Executive Order (EO) 10865 provides that adverse decisions shall be “in terms of the national interest and shall in no sense be a determination as to the loyalty

of the applicant concerned.” See *a/so* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

Analysis

Guideline F - Financial Considerations

The security concern relating to the guideline for Financial Considerations is set out in AG ¶ 18:

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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. Two are potentially applicable in this case:

- (a) inability to satisfy debts; and
- (c) a history of not meeting financial obligations.

Applicant had about \$28,000 in past-due indebtedness. The evidence is sufficient to raise these disqualifying conditions.

AG ¶ 20 provides conditions that could mitigate security concerns. I considered all of the mitigating conditions under AG ¶ 20 including:

- (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;

(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 financial difficulties were caused by COVID and a resulting 18-month period of unemployment. Through the auspices two credit-counseling services, Applicant is paying \$350 each month towards her three outstanding delinquencies, and has reduced the total amount owed to about \$24,000, a reduction of about \$4,000. Mitigation under AG ¶ 20 has been established.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for a security clearance 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 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 potentially disqualifying and mitigating conditions in light of all facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under those guidelines, but some warrant additional comment. Applicant is respected in the workplace as testified to by her manager, and also by those who know Applicant in her community. (TR at page 14 line 4 to page 17 line 20, and PHX B.)

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant mitigated the Financial Considerations security concerns.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of the Directive, are:

Paragraph 1, Guideline F: FOR APPLICANT

Subparagraphs 1.a~1.e: For Applicant

Conclusion

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

Richard A. Cefola
Administrative Judge