DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 26-00118
	)	
	)	
Applicant for Security Clearance	)	
	)	

Appearances

For Government:
Lauren A. Shure, Esq., Department Counsel

For Applicant:
Pro se

08/24/2026

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

On December 11, 2023, Applicant submitted a Questionnaire for National Security Positions (Questionnaire). On April 28, 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 or about May 4, 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, he admitted not filing state and federal tax returns in 2020 (SOR ¶¶ 1.a and 1.b) but denied indebtedness to state or federal authorities for tax year 2021 (SOR ¶¶ 1.c and 1.d) Additionally, he provided Internal Revenue Service (IRS) records and a letter of recommendation, which were marked as Applicant Exhibits (AE) A and B, respectively. (AE A is duplicative of Government Exhibit (GE) 2)

On June 10, 2026, Department Counsel submitted the Government's written case in a File of Relevant Material (FORM). Therein, Department Counsel amended the SOR (ASOR) with six additional allegations under Guideline F:

e. You are indebted to [CREDITOR] for an account that has been charged off in the approximate amount of $516.00. As of the date of this Statement of Reasons, the account remains delinquent.

f. You are indebted to [DEBT COLLECTOR] on an account that has been placed for collection by [CREDITOR] in the approximate amount of $232.00. As of the date of this Statement of Reasons, the account remains delinquent.

g. You are indebted to [DEBT COLLECTOR] on an account that has been placed for collection by [CREDITOR] in the approximate amount of $803.00. As of the date of this Statement of Reasons, the account remains delinquent.

h. You are indebted to [CREDITOR] for an account that has been charged off in the approximate amount of $8,507.00. As of the date of this Statement of Reasons, the account remains delinquent.

i. You are indebted to [CREDITOR] for an account that has been charged off in the approximate amount of $1,028.00. As of the date of this Statement of Reasons, the account remains delinquent.

j. You are indebted to [DEBT COLLECTOR] on an account that has been placed for collection by [MEDICAL PAYMENT DATA] in the approximate amount of $567.00. As of the date of this Statement of Reasons, the account remains delinquent.

A complete copy of the FORM, consisting of GE 1 through 8, the ASOR, and the Government's arguments in support of the SOR, was received by Applicant on June 12, 2026. He was afforded an opportunity to answer the ASOR, as well as file objections and submit material to refute, extenuate, or mitigate the security concerns. He timely submitted an undated statement in response to the FORM (Response). He also included an additional copy of AE B. Applicant did not address the ASOR in his Response and, as such, his responses to each of the six new allegations are construed as denials. The case was assigned to me on August 13, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 55 years old and has no children. He was married to different spouses from 1991 to 1997, 1998 to 2000, and 2021 to 2023. He completed high school in 1989 and is presently taking college courses. Applicant has been employed by a defense contractor since 2024 and applied for a security clearance in connection with this employment. He previously held a secret clearance during his service in the Army from 1990 to 1996, from which he was honorably discharged. (GE 3 at 5, 10-12, 24, 26-29, 40-41)

SOR Paragraph 1 (Guideline F: Financial Considerations)

The Government alleged that Applicant is ineligible for a security clearance because he has delinquent consumer debts and unresolved tax issues. The following facts pertain:

1.a. Federal tax return (2020): Applicant acknowledged his failure to file his 2020 state and federal tax returns in his Questionnaire and admitted the related SOR allegations. He averred that in January 2021, he completed the returns using tax software but did not file them because he was waiting on an additional Wage and Tax Statement (W-2) form. In his Answer he contended he then forgot to file the returns and subsequently filed them in April 2026. In his Response, he asserted that the returns were filed but had not yet been processed by the taxing authorities. He did not provide any documentation to show the returns were completed or filed. (Answer; Response; GE 3 at 42; GE 4 at 3-7, 11-13, 18; GE 8 at 8, 15, 25, 35)

1.b. State tax return (2020): See SOR ¶ 1.a discussion above. There is no documentation in the record evidence to show the returns were completed or filed.

1.c. $7,206 federal tax debt (2021): Applicant denied this SOR allegation. He filed his federal tax return for tax year 2021 on May 16, 2022. After a review of additional income was conducted by the IRS on November 5, 2023, additional taxes were assessed in the amount of $6,842. Applicant entered into an installment agreement with the IRS on November 13, 2023, and began consistently making $126 monthly payments starting on March 1, 2024. (Answer; AE A; GE 4 at 11, 18-21)

1.d. $3,015 state tax debt (2021): Applicant denied this SOR allegation. On October 17, 2022, the state tax commission issued a tax warrant against Applicant in the amount alleged in SOR ¶ 1.d. In his Answer, he stated that he made a few payments on the debt and would “continue to do so as [he is] able.” In his Response, he repeated this assertion and stated he had “provided receipts prior.” The record evidence, however, shows a single $100 payment on October 6, 2025, made to the state’s appointed collection agency. No documentation showing the current balance on the debt was provided. (Answer; Response; GE 4 at 13-17)

1.e. Personal Loan – Charge Off ($516): Applicant took out this loan on August 4, 2020, and last made a payment on March 24, 2021. No evidence as to the reason for the loan was provided. He acknowledged this loan during an interview with a defense investigator but stated he believed he had paid off the loan. No evidence of a payoff was provided however, and the balance due on the debt did not change from the January 9, 2024 credit report to the February 4, 2026 credit report admitted into evidence. GE 6 at 3; GE 7 at 1; GE 8 at 8

1.f. Internet Service – Collection ($232): This debt was assigned to collection on February 15, 2024. There is no evidence of payment in the record evidence. (GE 7 at 4)

1.g. Credit Card – Collection ($803): Applicant acknowledged this debt in his Questionnaire but did not list any actions taken or reasons for not doing so. He likewise acknowledged this debt during an interview with a defense investigator but did not discuss any plans to make payments. No evidence as to the nature of the credit card expenses was provided. The debt was assigned to collection on December 30, 2021. There is no evidence of payment in the record evidence. (GE 3 at 43-44; GE 6 at 3; GE 7 at 4-5; GE 8 at 8)

1.h. Car Loan – Charge Off ($8,507): Applicant took out a $25,417 car loan sometime prior to May 2019. After he stopped making payments, the car was repossessed and sold at auction, with the remaining balance reflected in the SOR ¶ 1.h allegation. Applicant acknowledged this debt during an interview with a defense investigator but did not discuss any plans to make payments. There is no evidence of payment in the record evidence. (GE 6 at 2; GE 8 at 8)

1.i. Personal Loan – Charge Off ($1,028): Applicant took out this loan from a credit union in August 2020. No evidence as to the reason for the loan was provided. He acknowledged this loan during an interview with a defense investigator and stated he fell behind on payments due to periods of unemployment. He did not discuss any plans to address the debt and there is no evidence of payment in the record evidence. (GE 6 at 3; GE 8 at 8)

1.j. Medical Debt – Collection ($567): This debt was assigned to collection in October 2022. Applicant disavowed this debt during an interview with a defense investigator and it is not reflected on the latest credit report. (GE 6 at 3; GE 7; GE 8 at 8)

Whole Person Evidence

Applicant stated in his Answer that he had “minimum employment” in 2020 following a layoff due to the COVID pandemic. In his Response, he averred that he had “made significant progress in improving [his] financial status and paying [his] previous obligations as [he is] able.” He stated that his credit score has improved and he purchased his first home in October 2025. His employer offered strong support (AE B), attesting to Applicant’s dedication in the work environment, as well as his integrity, professionalism, reliability, and trustworthiness.

Policies

When evaluating an applicant’s suitability for national security eligibility, the administrative judge must consider the AG. 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.

The AG 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 condition set forth in AG ¶ 19 to the allegation under Guideline F:

> (a) inability to satisfy debts;
>
> (c) a history of not meeting financial obligations; and
>
> (f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

The burden therefore shifts to Applicant to mitigate security concerns under Guideline F. The guideline includes the following mitigating conditions set forth in AG ¶ 20 applicable to the 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;

> (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; and
>
> (g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

AG ¶ 20(g) applies to the tax debt alleged in SOR ¶ 1.c. Applicant timely addressed the issue in 2023 and provided evidence of an ongoing payment arrangement with the IRS. The record evidence fails to establish AG ¶ 20(a), (b), (d), or (g) for the remaining tax issues alleged, however, as Applicant has not provided evidence that he filed state or federal tax returns for 2020, nor has he provided any documentation regarding agreements with, or payments to, state taxing authorities. Applicant's assurances that he filed the tax returns and his pledge to sporadically pay toward the state tax warrant "as [he is] able" does not constitute sufficient evidence to meet his burden to show compliance with tax laws and regulations. ISCR 22-02168 at 4 (App. Bd. Nov. 18, 2024).

Regarding the six debts alleged in the ASOR, Applicant has provided no evidence of having addressed them in any manner. As the DOHA Appeal Board has noted in the past "a clearance adjudication is not directed at collecting debts… By the same token, neither is it directed toward inducing an applicant to file tax returns. Rather, it is a proceeding aimed at evaluating an applicant's judgment and reliability." ISCR 14-04437 at 3 (App. Bd. Apr. 15, 2016) None of the mitigating conditions, individually or collectively, apply to the debts alleged in SOR ¶¶ 1.e to 1.j.

An exacting review of the facts in this case shows insufficient evidence for a determination that Applicant's financial problems have been resolved or will be resolved within a reasonable period. I am unable to conclude that he acted reasonably or responsibly under the circumstances or that he made a good faith effort to deal with his tax issues or consumer debts. Applicant's financial issues are ongoing and continue to cast doubt on his current reliability, trustworthiness, and good judgment.

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, interrogatories, and to the defense investigator. I have also considered his character witness statement and military service. 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 – 1.b:	Against Applicant
Subparagraph 1.c:	For Applicant
Subparagraphs 1.d – 1.j:	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