DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01431
	)	
	)	
Applicant for Security Clearance	)	
	)	

Appearances

For Government:
Troy L. Nussbaum, Esq., Department Counsel

For Applicant:
Pro se

08/20/2026

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 February 9, 2025, Applicant submitted a Questionnaire for National Security Positions (Questionnaire). On December 18, 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.

Applicant responded to the SOR in writing (Answer) on May 15, 2026, and requested that this case be decided on the written record in lieu of a hearing. He responded in writing a second time on June 4, 2026, to clarify his response. In his Answer, Applicant admitted to all of the Guideline F allegations in the SOR. On June 4, 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 5 and the Government's arguments in support of the SOR, was received by Applicant on July 8, 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 13, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is 40 years old, was married from 2007 to 2020, and has one minor child. He completed high school in 2005 and also obtained some additional vocational training. Applicant has been employed by a defense contractor since 2020 as a team leader and applied for a security clearance in connection with this employment. He denied having any financial issues in his Questionnaire. (GE 3 at 5, 10-11, 18, 22, 28-29)

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 $22,000. The following facts pertain:

1.a. Credit Card – Collections ($11,206): Applicant's delinquent credit card debt was turned over to collections on October 29, 2024. No evidence as to the nature of the expenses was provided. In his June 4, 2026, Answer, Applicant averred to being on a payment plan for this debt for 80 payments of $50.85 every two weeks. No evidence of this arrangement was provided and the balance due on the debt did not change from the August 2025 credit report to the June 2026, credit report in the record. (Answer; GE 4 at 2; GE 5 at 5)

1.b. Credit Card – Collections ($9,639): Applicant's delinquent credit card debt was turned over to collections on January 27, 2025. No evidence as to the nature of the expenses was provided. The balance due on the debt did not change from the August 2025 credit report to the June 2026 credit report. (Answer; GE 4 at 2; GE 5 at 5)

1.c. Credit Card – Collections ($745): Applicant's delinquent credit card debt was turned over to collections on June 20, 2023. No evidence as to the nature of the expenses was provided. In his June 4, 2026, Answer, Applicant averred to being on a payment plan for this debt for 12 payments of $24.84 every two weeks. No evidence of this arrangement was provided and the balance due on the debt did not change from the August 2025 credit report to the June 2026 credit report. (Answer; GE 4 at 3; GE 5 at 5)

1.d. Personal Loan – Charge Off ($728): Applicant took out an $800 loan from a credit union on October 4, 2022, and last made a payment on March 30, 2023. No evidence as to the nature of the expenses was provided. The balance due on the debt did not change from the August 2025 credit report to the June 2026 credit report. (Answer; GE 4 at 3; GE 5 at 5)

1.e. Credit Card – Collections ($535): Applicant's delinquent credit card debt was turned over to collections on July 26, 2023. No evidence as to the nature of the expenses was provided. The balance due on the debt did not change from the August 2025 credit report to the June 2026 credit report. (Answer; GE 4 at 3; GE 5 at 5)

Whole Person Evidence

Applicant submitted no comments or explanations in his Answer as whole person evidence in mitigation of the security concerns alleged in the SOR and did not respond to the FORM. In addition to the debts alleged in the SOR, Applicant's latest credit report reflects an auto loan of $20,775 taken out on July 21, 2022, that is $339 past due. Payments have been 30 days past due six times or more. (GE 5 at 4)

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 adjudicative guidelines (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

(d) 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;

(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;

(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.

The record evidence fails to establish any of the mitigating conditions under AG ¶ 20 for the Applicant's consumer debts. He has provided no evidence that he avoided irresponsible spending or did not spend beyond his means in accumulating the debts. Moreover, he has provided no evidence of having made any payments, despite his claims of having set up payment plans for two of the five debts. 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 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. Applicant has failed to mitigate the security concerns raised by his delinquent debts under Guideline F. 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.

Also, given Applicant's overdue auto loan debt that is not referenced in the SOR, it is important to note the well-established premise that unalleged conduct may still properly be considered by the judge. ISCR Case No. 03-20327 at 3 (App. Bd. Oct. 26, 2006):

a. To assess an applicant's credibility;
b. To evaluate an applicant's evidence of extenuation, mitigation, or changed circumstances;
c. To consider whether an applicant has demonstrated successful rehabilitation;
d. To decide whether a particular provision of the Adjudicative Guidelines is applicable; or
e. To provide evidence for the whole person analysis.

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. Because Applicant requested a determination on the written record without a hearing, I had no opportunity to question him or evaluate his credibility and sincerity 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 – 1.e:	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