



**DEPARTMENT OF DEFENSE  
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:	)	
	)	
	)	ISCR Case No. 25-00073
	)	
Applicant for Security Clearance	)	

**Appearances**

For Government:  
Tara Karoian, Esquire, Department Counsel

For Applicant:  
*Pro se*

09/29/2025

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**Decision**

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CEFOLA, Richard A., Administrative Judge:

**Statement of the Case**

On March 11, 2025, in accordance with DoD Directive 5220.6, as amended (Directive), the Department of Defense 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 March 18, 2025, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on June 30, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on July 2, 2025, scheduling the hearing for August 19, 2025. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 5, which were admitted into evidence. Applicant testified on her own behalf and called her husband to testify. Applicant offered one document, which I marked Applicant's Exhibit (AppX) A, and admitted into evidence. The record was left open until September 19, 2025, for receipt of additional documentation. On September 19, 2025, Applicant offered AppXs B~F, which were admitted into evidence. DOHA received the transcript of the hearing (TR) on September 2, 2025.

### **Findings of Fact**

Applicant admitted all the allegations in SOR. Allegation ¶ 1.e. was amended to reflect delinquent state income tax filings for tax years 2016 through 2022, which Applicant admits. (TR at page 34 lines 6~23.) After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 30-year-old employee of a defense contractor. She was initially employed with the defense contractor as an "HIP (High Impact Practices) Student" in 1994, and has been employed with said contractor, off and on, until the time of her hearing. She is married, and has an adult stepchild. (TR at page 5 line 15 to page 6 line 12; at page 36 line 23 to page 38 line 8, and GX 1 at page 19.)

### **Guideline F - Financial Considerations**

Applicant avers credibly, supported by the extensive testimony of her spouse, that she was unaware of any delinquencies in her Federal and state income tax filings until her subject interview. (TR at page 15 line 17 to page 33 line 11 and GX 2 at page 1.)

1.a~1.c. Applicant admits that, through the lack of action by her spouse, she failed to file her Federal income tax returns for tax years 2015 through 2022 in a timely fashion. Applicant's Federal income tax returns for tax years 2016 through 2022 have now been filed, as evidenced by IRS documentation. (Despite her best efforts; coupled with the advice of legal counsel that she could only go back to 2016 in her tax filings, she is unable to file her 2015 tax return.) Since January 2025, two months prior to the issuance of the SOR, Applicant was and is making monthly payments of \$1,800 towards this \$100,000 IRS tax debt. (TR at page 15 line 14 to page 22 line 20, at page 27 line 16 to page 28 line 25, at page 30 line 23 to page 33 line 11, at page 38 line 9 to page 43 line 13; GX 1 at pages 31~35, GX 2 at page 4; and AppXs A, B at pages 17~19, and D at page 2.)

1.d. and 1.e. Applicant admits that, through the lack of action by her spouse, she failed to also file her state income tax returns for tax years 2016 through 2022 in a timely fashion. Applicant's state income tax returns for tax years 2016 through 2022 have now been filed, as evidenced by her state's tax authority's documentation. Pursuant to an agreement with that taxing authority, Applicant's wages are being garnished each month for \$250, which is credited towards this, now, \$14,000 state tax debt. (TR at page 19 lines 9~14, at page 22 line 21 to page 27 line 15; GX 2 at page 22; and AppX C.)

## **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 *also* 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. One is potentially applicable in this case:

(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.

Applicant failed to file her Federal and state income tax returns for tax years 2016 to 2022, in a timely fashion. She also owes back taxes. The evidence is sufficient to raise this disqualifying condition.

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; 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.

Applicant's financial problems occurred under unusual circumstances. She was unaware that her taxes had not been filed or paid. Once Applicant was made aware of this failure to file; she addressed late filings, and has made arrangements to pay the amounts owed. Applicant has demonstrated that future financial problems are unlikely. 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 has a distinguished history of working in the defense industry and is respected by her colleagues. She performs well at her job. (AppXs E and F.)

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. For 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~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.

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Richard A. Cefola  
Administrative Judge