



DEPARTMENT OF DEFENSE
DEFENSE OFFICE OF HEARINGS AND APPEALS



Appearances

For Government: Andre M. Gregorian, Esq., Department Counsel
For Applicant: *Pro se*

11/25/2025

Decision

LAFAYE, Gatha, Administrative Judge:

Applicant failed to provide sufficient evidence to mitigate security concerns under Guideline F (financial considerations). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on July 24, 2021. On September 6, 2024, the Department of Defense (DOD) issued a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant answered the SOR on December 20, 2024 (Answer) and requested a hearing before an administrative judge. The case was assigned to me on May 29, 2025.

On June 3, 2025, the Defense Office of Hearings and Appeals (DOHA) notified Applicant his hearing was scheduled to be conducted by video teleconference on July 15, 2025. The hearing was convened as scheduled. At the hearing, the Government offered nine exhibits, Government Exhibits (GE) 1 through GE 9, which were admitted in evidence. I overruled Applicant's objection to GE 4, a Chapter 7 bankruptcy from March 2009 but the facts and circumstances of that period were considered and weighed.

Applicant testified and offered Applicant's Exhibits (AE) A through AE J, which were admitted in evidence without objection. Applicant included documents with his SOR Answer, and for ease of reference in the decision, I relabeled them as AE K. I left the record open until July 31, 2025, to allow Applicant more time to submit additional evidence. He timely submitted AE L, which was admitted in evidence without objection. DOHA received the hearing transcript (Tr.) on July 25, 2025. The completion of this decision was delayed by a federal government shutdown from October 1 through November 12, 2025, which caused the furlough of all administrative judges.

Findings of Fact

In his Answer, Applicant admitted the allegations in SOR ¶¶ 1.d, 1.f, 1.g, 1.i, 1.k, 1.p, and 1.q. He denied allegations in SOR ¶¶ 1.a through 1.c, 1.e, 1.h, 1.j, and 1.l - 1.o. His admissions are incorporated in my findings of fact. After thorough review of the evidence, I make the following additional findings of fact.

Applicant is 56 years old. He earned his high school diploma in 1987, attended college from 1987 through 1994 and again from 2008 through 2012, but has not completed a degree. He enlisted in the Army Reserves in 1989 while in college and served with the unit until he was honorably discharged and joined the active duty Army in late 1997. He served for three years with the unit before he was honorable discharged in September 2000. He married in 1992, divorced in May 2005, and married a second time in June 2005. He has two adult children, ages 30 and 27, and a 25-year-old stepdaughter who resides with him and his wife. Applicant's wife is a high school special education teacher and earns \$105,000 annually. They financially support his stepdaughter. (GE 1; Tr.16-18)

Applicant has worked as a support engineer for a defense contractor since March 2022 and earns \$167,000 annually. He also receives Department of Veterans Affairs (VA) disability pay of \$2,400 monthly. (Tr. 18-19) He previously worked as a security analyst for two preceding defense contractors, from June 2020 to March 2022, and from May 2018 to June 2020. He said he earned about \$115,000 with his former employer and \$120,000 with the latter. From 2017 to May 2018, he worked as a lead technician for another defense contractor and earned about \$105,000 annually before finding a better position. Applicant was gainfully employed between 2013 and 2017 and his annual salary averaged about \$85,000 during this period. (GE 1; Tr. 18-22)

Applicant completed his SCA in July 2021 and in Section 26 – Financial Record, he disclosed the following in the optional comments block:

I am a victim of Identity theft and I had a house fire back in 2016 which both caused financial issues so I am rebuilding my credit, finances and life due to these issues. (GE 1 at 44)

In the same section, Applicant disclosed he failed to file income tax returns for tax years 2014, 2015, 2016, 2017, and 2018 (SOR ¶¶ 1.a and 1.b, in part), stating "I am

working with an individual to file my previous years taxes." He also listed a few delinquent debts including a debt of \$2,440 (SOR ¶ 1.o) related to a townhouse he rented. He said he was "in the process of paying it off" and "trying to send money when I can." He also listed a debt of \$1,716 (SOR ¶ 1.h), a consumer loan to help pay his daughter's tuition, and claimed he was "making arrangements with the creditor" and "in the process of paying back all my outstanding debts." Then, he listed a delinquent consumer debt of \$938 (SOR ¶ 1.m), commenting that he "fell behind on payments," was "in the process of paying this off," and that he "paid the debt down to \$346." (GE 1 at 44-51)

In September 2021, Applicant informed the DOD investigator that he did not file his 2019 and 2020 federal and state income tax returns. He explained that he hired a friend to complete his 2012 and 2013 tax returns, and she did. The friend later informed him that his identity was stolen and someone fraudulently filed his 2012 and 2013 tax returns. He said he reported the matter to police but that no one was ever apprehended. He hired a different tax preparer to complete his 2014 income tax returns but said the business closed without completing his returns, he was unable to recover his 2014 tax documents, and thus did not complete his 2014 income tax returns. (GE 2; Tr. 22-38)

Regarding his 2015 income tax returns, Applicant said he was too stressed and overwhelmed with difficulties he was having with his ex-wife and did not file his returns. He said he also feared filing his tax returns after so many years and making mistakes that would cause him worse problems with the Internal Revenue Service (IRS). (Tr. 25-26). He said he had a house fire in July 2016 that destroyed his tax documents, which left him without the ability to file his tax returns later that year. (GE 2; Tr. 22-38)

In September 2024, Applicant hired a tax relief servicing (TRS) company to help him resolve his long-standing federal and state income tax problems. The TRS company described important aspects of its services to its clients in the "Scope of Agreement" section of its Client Services Agreement (CSA). It reads:

Client agrees that [TRS company] is not obliged to perform state tax representation or tax preparation unless "State Representation" appears as a service to be performed on the Addendum to Client Services Agreement. Client understands that [TRS company] does not provide representation before all state taxing authorities. Client expressly acknowledges that [TRS company] is not a law firm and does not provide legal or investment advice. (AE L at 7)

Applicant did not provide the Addendum to CSA, which details specific services to be performed by TRS under their agreement. TRS completed its investigation of Applicant's federal and state income tax issues for a fee of \$495, which Applicant paid. TRS billed Applicant \$11,276 for its tax relief services. In February 2025, Applicant had paid TRS \$2,361 towards the \$11,276 fee leaving a remaining balance of \$9,409. Applicant said TRS required the payment of their fees before it would provide the agreed tax relief services, which included negotiating with the IRS (and state tax authorities if agreed to per the Addendum to CSA) to reduce the taxes owed. (Tr. 32-36; AE A)

The SOR alleges 17 financial considerations security concerns, including failure to file income tax returns for at least tax years 2014 through 2020, a delinquent 2023 state property tax lien, delinquent consumer debts of about \$53,000, and a Chapter 7 bankruptcy in 2009. (SOR; GE 1-9) The SOR allegations are generally supported by Applicant's admissions and statements in the SCA and background interview (GE 1-2); four credit bureau reports (GE 6-9), a state property tax lien (GE 3), a Chapter 7 bankruptcy docket report (GE 4), and civil judgment records (GE 5).

Additional evidence regarding the SOR allegations is summarized below.

SOR ¶¶ 1.a and 1.b allege Applicant failed to file federal and state income tax returns for tax years 2014 through at least 2020, which Applicant denied. He signed an agreement with the TRS in September 2024, and said he believed they filed his federal and state income tax returns in September 2024. He did not provide documentary proof that his income tax returns have been filed. He said TRS estimated he owes about \$85,000 for federal and state income taxes for tax years 2014 through 2020. No documentary proof was provided to support this statement; nor was Applicant able to distinguish between the amount owed to the IRS and the amount owed to the state government. (Answer; Tr. 23-38; AE L)

Applicant said he filed his 2021, 2022, and 2023 federal and state income tax returns on time by an unnamed tax preparer but that he requested an extension to file his 2024 federal and state income tax returns. He said he owed a combined \$25,000 for federal and state income taxes for these years and has not made payments because he wants TRS to include this debt with the existing \$85,000 debt for tax years 2014 through 2020. Applicant did not provide any documentary evidence to support these assertions. (Tr. 23-38)

SOR ¶ 1.c alleges a delinquent state tax lien of about \$5,222, recorded in March 2023, for unpaid property taxes from tax years 2020 through 2022. Applicant denied this debt and stated he fully paid the tax lien in October 2023. He provided proof the tax lien was paid in October 2023 and confirmed that the lien was satisfied by the state's garnishment of his wages. Applicant explained that he was "trying to catch up and pay bills," and he "fell behind" on paying property taxes. (GE 3; Tr. 41-42; AE F)

SOR ¶ 1.d alleges a delinquent debt of \$30,794 for a car that was charged off in about May 2023. Applicant admitted this debt, stating he fell victim to "keeping up with the Joneses" and purchased a sports car he knew he could not afford at the time. He set up payment arrangements with the creditor in about December 2024, and submitted proof he paid \$50 on this debt, leaving a remaining balance of \$30,744. He has not paid more because he wanted to focus on resolving smaller delinquent debts. Applicant's July 2025 credit bureau report (CBR) lists a balance of \$30,694. (Answer; GE 8, 9; Tr. 42-43; AE B)

SOR ¶ 1.e alleges a delinquent debt of \$2,750 for a debt consolidation loan opened in February 2022. Applicant denied this debt, stating it is paid. He provided proof he settled the debt for \$2,062 in May 2025. (Answer; GE 8, 9; Tr. at 43; AE J)

SOR ¶¶ 1.f and 1.g allege delinquent debts that were charged off in 2024 in the amounts of \$2,747 and \$2,720, respectively. Applicant admitted both debts. He said he made payment arrangements for SOR ¶ 1.f, provided proof of a 24-month agreement to pay \$105 monthly in early 2025, and his July 2025 CBR shows a \$2,507 remaining balance. In his Answer, he said he was attempting to do the same for SOR ¶ 1.g. The last payment made on this debt occurred in October 2023 and no other payments have been made to resolve SOR ¶ 1.g. Applicant said both delinquent debts were loans to consolidate other debts. (Answer; GE 8, 9; Tr. 43-45; AE E, K at 2)

SOR ¶¶ 1.h and 1.j. allege delinquent debts for \$1,716 and \$1,522, respectively. Applicant denied both debts in his Answer. SOR ¶ 1.h appears in the 2021 and 2024 CBRs and Applicant disclosed this delinquent debt in his SCA, commenting that it was a loan to help pay his daughter's tuition. (GE 1 at 49; GE 6, 8; Tr. 45-47). He also confirmed this debt in his background interview and said he intends to pay it "in the next several years" after more important financial obligations are paid. (GE 2 at 4)

Regarding SOR ¶ 1.j, this debt appears in the administrative record as a December 2020 civil judgment against Applicant. (GE 5 at 1) The balance of the judgment as of early 2024 was \$1,294. (GE 8 at 3) Applicant denied this debt, stating "there is no record of this information in my credit file." During the hearing, he claimed he "paid down" the debt to \$219 but said he was in a dispute with the creditor and was seeking documents from them. He did not recall when he started making payments; nor did he provide proof the debt was paid down to \$219 or paid fully. (Answer; GE 5, 6, 7, 8; Tr. 50-51)

SOR ¶¶ 1.i and 1.k alleged delinquent debts of \$1,352 and \$946, respectively. Applicant admitted both debts in his Answer and claimed he was making payment arrangements with each creditor. Both debts appear in the 2021, 2024 and 2025 CBRs. Applicant provided proof that SOR ¶ 1.i was paid in July 2025 (AE I). A different account (#3956) with the same creditor was paid in July 2024. (AE H) However, a balance of \$946 remains for SOR ¶ 1.k, which is reflected in the 2025 CBR. (Answer; GE 6, 8, 9; Tr. 50-53, 56; AE H, I, K)

SOR ¶¶ 1.l, 1.m, and 1.n allege delinquent debts for \$590, \$234, and \$219, respectively. Applicant denied all three debts in his Answer and said each one was fully paid. All three debts appear in the 2024 CBR. Applicant provided proof he paid SOR 1.l in May 2025. (Tr. at 53, AE D) He said he disputed SOR ¶ 1.m and did not owe the debt due to a "funding error" but he was unable to provide evidence to support his claim. Finally, he was also unable to submit proof that he paid SOR ¶ 1.n. (Answer; GE 8; Tr. 53-56; AE D, K)

SOR ¶¶ 1.o and 1.p allege unpaid legal judgments entered against Applicant in 2014, for \$2,450 and \$516, respectively. In his Answer, Applicant denied the debt in SOR ¶ 1.o after listing this debt in his SCA. He admitted the debt in SOR ¶ 1.p.

Regarding SOR ¶ 1.o, this debt involves a lawsuit filed against Applicant in 2014 for failure to pay rent. After the court ruled against him for being unable to produce the

payment records in question, Applicant said he made two payments to the courts, one for \$200 and the other for \$100. He said he stopped paying the judgment to address more significant financial obligations, such as his child support obligations. He said that in December 2024, he visited the court to pay the judgment but the court was unable to find the record and he was unable to pay. He did not make any payments after the two made in 2014. (GE 2; Tr. 56-60)

SOR ¶ 1.p involves a lawsuit filed against Applicant in 2014 for failure to pay a medical debt. In December 2024, Applicant paid \$60 and said he plans to fully pay the debt within the next 30 days. He said he did not make payments because he had other significant debts to pay. No evidence of additional payments on the debt was received. (Tr. 56-60; AE C)

SOR ¶ 1.q alleges Applicant filed for Chapter 7 bankruptcy in March 2009 and his debts were discharged in September 2009, which he admitted. Applicant filed a voluntary petition for Chapter 7 bankruptcy, *pro se*, with a joint debtor. The discharge amount was not included in the record, he said he could not remember the amount discharged, nor could he approximate the amount. He said his financial situation at the time was caused by his 2005 divorce and second marriage, and his move to a higher cost of living area. He has not filed for bankruptcy since filing the 2009 action. (Answer; GE 4; Tr. at 38-40)

Applicant did not provide specific details about his monthly household expenses but said he currently lives “paycheck-to-paycheck” and that he would continue to do so until he pays his delinquent debts. He denied that he and his wife are financially strained. He said his current financial situation is far better than 2009 when he had to file for Chapter 7 bankruptcy. He said his wife does not earn money as a high school special education teacher during the summer months, and that he supports her financially during this period. He also provides financial support to family members including his nieces, nephews, uncles, aunts, and “anyone he can help financially who are less fortunate.” He did not disclose the estimated amount of financial support he provides to his extended family members on a monthly basis. (Tr. 60-68; AE L at 4)

Applicant said he pays \$2,600 monthly for rent, and this is his largest monthly expense. He purchased a car for about \$38,000 a few years ago, a 2018 Dodge Charger. He spent \$2,500 in June 2025, to celebrate his marriage anniversary. He said he has about \$100 in his savings and checking accounts, and a 401(k) retirement plan valued at about \$25,000. Last year he borrowed about \$2,500 against his 401(k) to pay debts and he is repaying this loan. He said he participated in group financial counseling through his church about six months ago, and he learned to better budget, save, and to pay down his debts. (Tr. 60-68)

Applicant actively participates in community activities, including leadership roles in his church where he currently serves as a deacon and the security officer. In 2024 alone, he gave tithes and financial offerings to his church that totaled more than \$12,400. Applicant submitted a personal statement and three character letters. Two character letters were from retired senior federal government leaders. He also submitted a

character letter from the chairman deacon of his church. All persons commented favorably on his honesty, trustworthiness, selflessness, and his strong sense of purpose. They described him as a man of faith, principle, and purpose, with a strong sense of responsibility. They collectively endorsed him personally and favored his application for a security clearance. (AE L)

Policies

This case is adjudicated under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG), which became effective on June 8, 2017.

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. 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 eligibility for access to classified information.

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 the adjudicative process. The administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), 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."

Under Directive ¶ E3.1.14, the Government must 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." The applicant has the ultimate burden of persuasion to obtain a favorable security 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 access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information.

Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

Section 7 of 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 under this guideline 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.

This concern is broader than the possibility that a person might knowingly compromise classified information to raise money. It encompasses concerns about a person’s self-control, judgment, and other qualities essential to protecting classified information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. See ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

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

- (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.

Applicant’s admissions and the evidence in the record establish the above disqualifying conditions. AG ¶¶ 19(a), 19(c), and 19(f) apply.

The following mitigating conditions under AG ¶ 20 are potentially applicable:

- (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;
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts;
- (e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue; 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.

None of the above mitigating conditions are established to mitigate the financial considerations security concerns in this case. Applicant has had longstanding financial issues as indicated by his Chapter 7 bankruptcy in 2009. His significant, unresolved federal and state income tax issues alone, are unremitted and disqualifying. There is insufficient evidence to establish Applicant has filed his federal and state income tax returns from 2014 through at least 2020. There is also insufficient evidence to establish that he only owes about \$85,000 for federal and state income taxes from this period. He also has delinquent debts that are recent, ongoing, and unresolved, even though he has been gainfully employed for decades, and has earned six-figure salaries since at least 2018. Applicant currently earns \$167,000 annually and receives annual tax-free VA disability pay of \$28,800. His wife adds an additional \$105,000 to the annual household budget. He recently resolved or took steps to resolve some of his delinquent debts in the SOR and is credited with resolving the debts in SOR ¶¶ 1.c, 1.e, 1.i, and 1.l. However, he sought to resolve his financial issues only after the issuance of the SOR and receives only partial mitigation credit.

Overall, there is insufficient evidence to establish that the conditions creating Applicant's financial situation were beyond his control; that he acted responsibly under the circumstances; and that he made a good-faith effort to pay his debts. He did not provide documentary evidence to support his statements concerning his financial issues; nor did he demonstrate steps he has taken to address the financial concerns in the SOR. Applicant's financial issues continue to cast doubt on his current reliability, trustworthiness, and judgment. Applicant has not met his mitigation burden.

Whole-Person Analysis

Under the whole-person concept, the administrative judge must evaluate an Applicant's security eligibility by considering the totality of the Applicant's conduct and all the relevant circumstances. An 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 the facts and circumstances surrounding this case. In this regard, I considered Applicant's assertions that he filed his federal and state income tax returns for tax years 2021, 2022 and 2023 with an unidentified tax preparer; that for these years he owes an additional \$25,000 for federal and state income tax delinquencies, and that he has not made payments because he wants TRS to include this debt with the existing \$85,000 debt for tax years 2014 through 2020. I also considered Applicant's failure to present documentary proof to support his numerous assertions about the delinquent debts in the SOR and the status of his federal and state income taxes, and I have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant did not mitigate the financial considerations security concerns and has not carried his burden of showing it is clearly consistent with the national interest to grant him eligibility for access to classified information.

Formal Findings

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by section E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a, 1.b:	Against Applicant
Subparagraphs 1.c, 1.e:	For Applicant
Subparagraphs 1.d, 1.f - 1.h:	Against Applicant
Subparagraphs 1.i, 1.l:	For Applicant
Subparagraphs 1.j - 1.k, 1.m - 1.q:	Against Applicant

Conclusion

It is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

Gatha LaFaye
Administrative Judge