



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 24-02193

Appearances

For Government:
Tara Karoian, Esquire, Department Counsel

For Applicant:
Pro se

12/08/2025

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On February 28, 2025, 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 18, 2025, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on July 14, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on July 15, 2025, scheduling the hearing for August 27, 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 two witnesses. Applicant offered four documents, which I marked Applicant's Exhibits (AppXs) A through D. AppX D was a witness list; and as such, AppX D's offer was withdrawn. AppXs A through C are admitted into evidence. The record was left open until November 25, 2025, for receipt of additional documentation. Applicant offered seven additional documents, marked as AppXs E through K, which were admitted into evidence. DOHA received the transcript of the hearing (TR) on September 8, 2025. This Decision was delayed when all Administrative Judges were furloughed from October 1 through November 12, 2025, during a Federal Government shutdown due to a lapse in Federal funding.

Findings of Fact

Applicant admitted both allegations SOR ¶¶ 1.a, and 1.b. After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 42-year-old employee of a defense contractor. She has been employed with the defense contractor since July of 2021. Applicant is not married, and has no children. She has a law degree. (TR at page 5 line 11 to page 6 line 13, and GX 1 at pages 1, 5, 13, 14 and 27~28.)

Guideline F - Financial Considerations

1.a. Applicant admits that she failed to file her Federal income tax returns for tax years 2017 and 2020 in a timely fashion. She was dealing with periods of unemployment and underemployment, and dealing with family illnesses. Applicant simply did not have the monies to pay her taxes. She, in fact, filed her 2020 return in August of 2021, but did not file her 2017 return until May of 2025. This is evidenced by documentation from the Internal Revenue Service (IRS). (TR at page 16 line 1 to page 31 line 21, at page 33 lines 17~19, at page 39 line 1 to page 40 line 6, at page 49 line 22 to page 50 line 18, AppX B at pages 5 ~6, and AppXs C, E and G.)

1.b. Applicant admits that she is indebted to the Federal Government for more than \$82,000, for tax years 2017 through 2021. She has made an “Offer in Compromise” to the IRS; and since August of 2025, Applicant has been making good-faith, monthly payments of \$500 towards her estimated tax debt. By a letter dated September 1, 2025, the IRS has acknowledged receipt of Applicant’s Offer in Compromise. (TR at page 16 line 1 to page 31 line 21, at page 33 lines 17~19, at page 39 line 1 to page 40 line 6, at page 49 line 22 to page 50 line 18, and AppXs A, H, I, J and K.)

Applicant’s Project Manager speaks highly of her. (TR at page 62 line 10 to page 70 line 4.) Her next-door neighbor and friend of 25 years also testified on Applicant’s behalf. (TR at page 51 line 18 to page 58 line 18.)

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. Three 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 has significant back taxes due, going back to 2015, and failed to file her Federal tax returns for two tax years in a timely fashion. 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;
- (d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts;
- (f) the affluence resulted from a legal source of income; 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 has filed all her Federal income tax returns, and is awaiting the IRS's response to her Offer in Compromise. She now has full-time employment; and as such, has demonstrated that future financial problems are unlikely. Mitigation under AG ¶ 20 has been established. Financial Considerations is found for Applicant.

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 at work and in her community as testified to by those who know her.

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. and 1.b:

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