



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



In the matter of:

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ISCR Case No. 24-00971

Applicant for Security Clearance

**Appearances**

For Government: Cynthia Ruckno, Esq., Department Counsel  
For Applicant: Pro se

01/14/2026

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**Decision**

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LOKEY ANDERSON, Darlene D., Administrative Judge:

**Statement of Case**

On November 18, 2022, Applicant submitted a security clearance application (e-QIP). On August 1, 2024, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCSA CAS) issued Applicant a Statement of Reasons (SOR), 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; DoD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AG), effective within the DoD after June 8, 2017.

Applicant answered the SOR on August 18, 2025, and requested a hearing before an administrative judge. The case was assigned to me on September 15, 2025. The Defense Office of Hearings and Appeals issued a notice of hearing on September 23, 2025, and the hearing was convened as scheduled on December 2, 2025. The Government offered four exhibits, referred to as Government Exhibits 1 through 4, which were admitted without objection. The Applicant called two witnesses and testified on his own behalf. He also offered five exhibits, referred to as Applicant's Exhibits A through E (with subsections), which were admitted without objection. The record remained open until close of business on January 5, 2026, to allow the Applicant to submit additional supporting documentation. He submitted a number of documents, collectively marked as Applicant's Post-Hearing Exhibit A, which was admitted without objection. DOHA received the transcript of the hearing (Tr.) on December 11, 2025.

### **Findings of Fact**

Applicant is 67 years old. He is not married. He has a high school diploma and about three and a half years of college. He holds the position of Associate Engineer. He is seeking to obtain a security clearance in connection with his employment.

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

The Government alleged that Applicant is ineligible for a clearance because he made financial decisions that indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which raise questions about his reliability, trustworthiness, and ability to protect classified information.

The SOR alleges that Applicant failed to file Federal income tax returns for tax years 2017, 2018, 2020, 2021, and 2022. Applicant admits each of the allegations set forth in the SOR.

Applicant explained that for about ten years, between 2008 through 2019, he struggled to find stable and substantial employment in his field of expertise (entertainment) and was forced to move around a lot. These moves required him to put his personal things in storage or pod containers. As time passed things got too expensive, and further down-sizing became necessary. He gave away a lot of his things and then basically lived out of his suitcase. He explained that when he was presented with job opportunities, he took the jobs, but had limited success, because the employment was not stable. (Tr. pp. 41-51.)

He stated that these moves often required that he relocate from one state to another for work, which became difficult and problematic. A Federal tax lien was entered against the Applicant in 2011. (Government Exhibit 4.) He reached a settlement agreement with the IRS, and made monthly payments to resolve the liability that he satisfied in 2016. He also provided examples of several job situations or difficulties that prevented him from filing his tax returns. Depending on the job, at times he was an employee, and other times he was a contractor. Applicant stated that as an employee, he would have extra money withheld from his paycheck to cover the taxes. As a contractor, in 2018, he had concerns because, although it was not for a very long period, he requested that the taxes be taken out correctly, but he was not confident that they were. On one occasion he was working in a foreign country, and he received two different W-2's from the same employer. On another occasion, he moved to take a job where he would be the project manager responsible for putting on trade shows, but when the owner of the company filed for divorce, the company "went under." He later thought that he had finally got what he considered to be stable employment with an event services company in another state, when Covid "hit", and there was no work. To make ends meet, Applicant did free-lance work and odd jobs just to get by, living hand to mouth. He explained that he did not have the expertise to prepare his own income tax returns, and did not have the money to hire someone to prepare them, because he did not have stable or substantial employment. Furthermore, he did not have access to documentation he needed to prepare the returns. (Tr. pp. 48-60.)

In July 2021, Applicant was hired by his current employer, (a defense contractor working for the US Army), and since then he has had stable and substantial employment. In September 2021, two months after starting his job, he hired a tax professional to prepare and assist him in filing all of his delinquent back tax returns. He stated that his tax preparer prepared the returns that entitled him to a refund first and then started working on the others. (Tr. pp. 50-56.) A letter from Applicant's tax preparer indicates that he has filed all of Applicant's Federal income tax returns for tax years 2019, 2020, 2021, 2022, 2023 and 2024. (Applicant's Post-Hearing Exhibit A.) In regard to income tax returns for tax years 2017 and 2018, his tax preparer advised that because it has been longer than six years, the IRS may not request that he file. (Tr. p. 53.) According to IRS records, Applicant is now current with all of his income tax filings. An account balance print-out from the IRS shows that Applicant currently has no tax liability. (Applicant Exhibit B-2.)

A Mechanical Engineer who works with the Applicant testified that Applicant is an excellent employee. He noted that because everything they work with is relatively old, finding parts to repair things that are broken can be difficult. Applicant has a natural ability to find parts that are needed and has helped expedite the repair process of necessary equipment. Applicant has even found parts on the shelf that others thought had to be

ordered and received from England. This Engineer recommends Applicant for a security clearance. (Tr. pp. 20-24.)

Applicant's supervisor, the Acting and Deputy Maintenance Manager, who oversees Applicant's work testified that he has known and worked closely with the Applicant since he started there. Applicant's work abilities have been and continue to be "awesome." Anything needed, Applicant is able to do. Applicant is responsible, organized, and trustworthy. As a supervisor, who oversees 113 employees in the maintenance and operation side of the contract, he considers the Applicant to be in the top ten of all 113 employees. He noted that Applicant is extremely dedicated to the job, and always gets the job done. Anything he is given to do, he accomplishes. If someone else has a problem, Applicant is the go-to person who can take over the job and finish it. He recommends Applicant for a security clearance. (Tr. p. 24-26.)

Letters of recommendation from professional associates who have worked closely with the Applicant over the past four years, include a letter from the Acting and Deputy Maintenance Manager; the Subcontract and Procurement Manager; the Supervisor for the Equipment Maintenance; the Construction Project Manager; a Tool -Maker Machinist; and the Chief Mechanical Engineer. Collectively they each indicate in their own way that Applicant is an outstanding employee. He is responsible and trustworthy. He has been able to facilitate the acquisition of equipment, material, and various parts on short notice that have allowed the base to maintain the mission and continued operation. He completes the duties and responsibilities of his job with excellence. He works long hours and often weekends to support the mission. He is an asset to the Army Depot and the community. (Applicant's Exhibits C-1 through C-7)

Applicant has received several Certificates for Safety Excellence and Outstanding Safety Performance on the job from his employer. (Applicant's Exhibits D2-A, D2-B, and D2-C.)

A print-out of Applicant's LinkedIn profile indicates that he has in the past worked for companies with Government event contracts. He has been responsible for putting on large events, dealing with the Secret Service and Security, requiring strict vetting and credentials. Some of these events include the Inauguration Ball; the NATO Summit; and the 9-11 Anniversary celebration, among others. (Tr. p. 65, and Applicant's Post-Hearing Exhibit A, and Exhibits D-3, D-4a, D-4b, D-4c, D-4d, D-5.)

Applicant is currently earning about \$76,000 annually. He recently started receiving his social security benefits that adds \$2,700 more to his income. He is comfortably able to pay his bills. (Tr. pp. 63-64.) He has recently purchased a small home and is looking forward to be more involved in the community.

## **Policies**

When evaluating an applicant's suitability for a security clearance, 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 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 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 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. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

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 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 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 as to 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 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 his Federal income taxes returns for tax years 2017, 2018, 2020, 2021, and 2022, in a timely fashion as required by law. Contributing to his failure to file his returns is the fact that he had unstable and unsubstantial employment. The evidence is sufficient to raise the above disqualifying condition.

The following mitigating conditions under the Financial Considerations guideline are potentially applicable under AG ¶ 20.

- (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), 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;
- (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
- (f) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

Since gaining stable and substantial employment, Applicant has made a good-faith effort to resolve his past tax-filing failures. He has now filed all of the tax returns in question and is up to date with all his income tax filings. It is noted that he took action to resolve his tax filing problem before completing his security clearance application. He is also performing extremely well on the job. He has worked hard to resolve his income tax filings in order to show the Government that he can and will in the future be fiscally responsible. Under the particular facts of this case, the mitigating conditions establish full mitigation.

Overall, there is sufficient evidence in the record to show that the Applicant has carried his burden of proof to establish mitigation of the government security concerns under Guideline F.

## **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. Applicant performs excellently on the job and is a valued employee. He demonstrates that he is responsible and trustworthy. He understands that going forward he must always comply with Federal and state laws and file his annual income tax returns on time, as required by law. He has demonstrated that he is sufficiently reliable to properly protect and access classified information.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. I conclude Applicant has mitigated the Financial Considerations security concern.

## **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:

FOR APPLICANT

Subparagraph 1.a.

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 or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is granted.

Darlene Lokey Anderson  
Administrative Judge