



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



|                                  |   |                        |
|----------------------------------|---|------------------------|
| In the matter of:                | ) |                        |
|                                  | ) |                        |
|                                  | ) | ISCR Case No. 25-00399 |
|                                  | ) |                        |
| Applicant for Security Clearance | ) |                        |

**Appearances**

For Government: Aubery De Angelis, Esq., Department Counsel  
For Applicant: *Pro se*

02/19/2026

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**Decision**

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LOKEY ANDERSON, Darlene D., Administrative Judge:

**Statement of Case**

On May 21, 2024, Applicant submitted a security clearance application (e-QIP). On April 17, 2025, the Defense Counterintelligence and Security Agency 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 (EO), *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 May 8, 2025, and requested a hearing before an administrative judge. The case was assigned to me on August 4, 2025. The Defense Office of Hearings and Appeals issued a notice of hearing on November 19, 2025, and the hearing was convened as scheduled on January 28, 2026. The Government offered four exhibits, referred to as Government Exhibits 1 through 4, which were admitted without objection. The Applicant offered three exhibits, referred to as Applicant's Exhibits A through C, which were admitted without objection. Applicant called one witness, and he testified on his own behalf. DOHA received the transcript of the hearing (Tr.) on February 9, 2026.

### **Findings of Fact**

Applicant is 36 years old. He is married and has one biological child and two step-children. He has a high school diploma and some college. He holds the position of Metal and Composite Bonder, Level 2. He is seeking to obtain a security clearance in connection with his employment. He has no military service.

### **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 identified five delinquent debts consisting of four Federal tax debts and one credit card debt, totaling approximately \$29,368. Applicant admitted each of the allegations set forth under this guideline. Credit reports of the Applicant dated June 12, 2024; and March 28, 2025, confirm each of the delinquent debts listed in the SOR. (Government Exhibits 3 and 4.)

Applicant and his wife were married in October 2020. They are both employed by the same defense contractor at the same location. Applicant began working for his employer in November 2025. He stated that he left a previous job that paid more because it required a daily two-hour drive in traffic, and he was spending about \$1,000 each month in gas. He now works closer to home, and can spend more time with his child and spend less money on gas. (Tr. p. 20.)

Applicant testified that he has always filed his income tax returns on time and has never had a problem, until recently. He does not prepare his tax returns himself, but usually hires a reputable tax service to prepare his returns. In 2015, Applicant had a well-

known tax service prepare his return. Their fee for just one return was \$350. Applicant thought he could find someone more affordable and decided to look elsewhere. (Tr. pp. 28-29.)

A coworker recommended a woman to the Applicant who had prepared his taxes for many years. She charged \$120 for each return, which was much less than what Applicant had been paying. Applicant hired her to file his income tax returns for tax years 2018, 2019, and 2020. He never met the woman in person, but to do business, he would send her text messages, screenshots, and pictures of his W-2's. (Applicant's Exhibit C.) Applicant never signed any of his completed returns that she prepared, nor did he authorize her to sign them on his behalf. In November 2020, Applicant learned that he had been audited by the Internal Revenue Service (which occurred when he was laid off from work), and that he owed a significant amount of money in back taxes for tax years 2015, 2018, 2019, and 2020. Applicant does not know why he ended up owing about \$1,092.87 for tax year 2015. (Tr. p. 27.) He found out that the woman who prepared his 2018, 2019, and 2020, income tax returns had been signing his name to his returns without his consent. She also fraudulently claimed on his tax returns that he owned a trucking company and had lost money from the business. Applicant stated that he did not know that the woman was falsifying information on his tax returns. He stated that he tried to contact the woman to get copies of what she filed and any related paperwork, but she never got back to him. He stated that he did not want to make a big deal of the situation, and he did not report her. He thought he would have to hire an attorney that would be costly. Instead, he decided to take care of the situation on his own. (Tr. pp. 28-31, and 59-60.)

In 2021 or 2022, Applicant tried to use a tax relief company to assist him in reducing the Federal tax debt, but they closed the business and refunded his money. (Tr. p. 32.) Applicant stated that he put off addressing his Federal back taxes and did nothing until 2024 or 2025, because money was tight. He explained that he was a contractor and work was sporadic. He was laid off from work from February 2020 to January 2021; from October 2021 through January 2022; and from January through April 2023. In total he was unemployed for about a year during those three years. He stated that when he tried to set up payment arrangements of \$350 monthly there was some issue taking the money out. He contends that the money was in his account, but they could not take it out. The IRS ultimately cancelled the payment arrangements. In January 2026, he finally set up payment arrangements, in the amount of \$544 monthly, scheduled to begin on February 28, 2026. He currently owes about \$31,000 which also includes penalties and interest. (Applicant's Exhibit A.) Applicant stated that he plans to set aside \$700 each monthly to make the tax payment; and whatever is left, will be used for future payments when he needs it. (Tr. p. 37, and 43-44.)

In regards to the credit card debt owed to a bank set forth in allegation 1.e, of the SOR, Applicant stated that in 2023, he was contacted by a collections agency to settle the debt for \$500. He gave the collection agency his banking information, and agreed to split the settlement amount into two payments of \$250. Applicant contends that they took the money from his account, and he never heard from them again. He assumed the debt had been satisfied since his credit report shows that the account has been closed. (Applicant's Exhibit B.) However, the credit report also shows a balance owing of \$1,125. (Tr. p. 51.) Applicant has no documentation to show that he paid this debt. (Tr. p. 52-53.)

Applicant testified that after taxes and other deductions he nets about \$1,100 every week. (Tr. p. 39.) After he pays his regular monthly expenses, including his car payment of \$900, (for a car he purchased in 2024 because his old one broke down), car insurance, and other household expenses, he is essentially living paycheck to paycheck, and does not have much in the way of discretionary funds. (Tr. p. 43-44.) Applicant stated that his mother had loaned him \$4,500 to use to obtain an attorney for this hearing. He decided not to hire the attorney, and so he plans to return the money to his mother. (Tr. pp. 44-45.)

Applicant's wife, who works at the same place as the Applicant, testified that she is an Aircraft Electrician and holds a security clearance. She earns about \$73,000 annually, and with overtime, makes about \$10,000 more. She stated that she and Applicant jointly manage the household finances, but she pays the bills. She stated that they plan to make the monthly tax payment of \$544 with money they earn working overtime. In December 2024, she borrowed money from her 401k, (about \$30,000), and she and Applicant purchased a house together. The house payments are \$4,000 monthly. After making the monthly house payment, she pays the other bills as they come in. After paying the regular monthly expenses she may have \$100 left to put in her savings account. (Tr. p. 67.)

The following delinquent debts listed in the SOR are of security concern:

1.a. Applicant is indebted to the Federal government for delinquent taxes in the amount of \$1,092 for tax year 2015. The debt remains owing. (Applicant's Answer to SOR.)

1.b. Applicant is indebted to the Federal government for delinquent taxes in the amount of \$14,587 for tax year 2018. The debt remains owing. (Applicant's Answer to SOR.)

1.c. Applicant is indebted to the Federal government for delinquent taxes in the amount of \$10,850 for tax year 2019. The debt remains owing. (Applicant's Answer to SOR.)

1.d. Applicant is indebted to the Federal government for delinquent taxes in the amount of \$1,714 for tax year 2020. The debt remains owing. (Applicant's Answer to SOR.)

1.e. Applicant is indebted to a bank in the amount of \$1,125 for a delinquent account that was charged off. This is a credit card that was opened in 2013, and was last paid in September 2022. The debt remains owing. (Applicant's Answer to SOR, and Government Exhibits 3 and 4.)

Applicant stated that he now uses only a certified tax preparer to prepare his income tax returns. He also stated that he is now provided with a copy of the income tax returns that are prepared for him. He now reviews the tax return with the preparer before it is filed, and they both sign the return before the return is filed. (Tr. 58.)

### **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. Three are potentially applicable in this case:

- (a) inability or unwillingness to satisfy debts; and
- (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 a history of financial difficulties due to poor judgment and procrastination. His actions or inactions both demonstrate a history of not addressing his debt and/or an inability to do so. The evidence is sufficient to raise the above disqualifying conditions.

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; and
- (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.

Applicant used poor judgment by hiring someone to file his income tax returns, who he never met in person and only dealt with through cellphone messaging. Then, once he learned he had been audited by the IRS, he procrastinated, and did nothing about the delinquent Federal tax debt for about six years. Recently, in January 2026, Applicant set up a payment plan to begin to resolve his delinquent Federal tax debt that

is to start on February 28, 2026. As of today, he has not made one payment towards resolving his Federal tax debt. His financial irresponsibility and inaction casts doubt on his current reliability, trustworthiness, or good judgment. Applicant must follow through with the payment plan and make regular monthly payments to demonstrate to the Government, that at some future time, he may be sufficiently responsible for access to classified information and trusted with the national secrets. However, at this time, Applicant has not shown that he is financially responsible. None of the mitigating conditions are applicable.

There is insufficient evidence in the record to show that Applicant can and will be able to properly manage his tax debt. Applicant is currently living paycheck to paycheck. He has recently purchased a house and his payments are \$4,000 monthly. Considering all of his other monthly living expenses, there is not much left in discretionary funds available to resolve his delinquent tax debt. At the present time, he has not made even one payment towards resolving his tax indebtedness. Applicant must demonstrate that he is financially responsible. This means he must pay his taxes on time, and live within his means. Applicant owes a significant amount of money to the Federal Government; and although he has set up a payment plan, he has not yet started to address the debt. There is insufficient evidence in the record to show that he 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. In the event that Applicant

follows through with his commitment to show financial responsibility, sometime in the future he may be found to be 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 not 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:

AGAINST APPLICANT

Subparagraphs 1.a., through 1.e.;

Against Applicant

### **Conclusion**

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with the national interest to grant or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Darlene Lokey Anderson  
Administrative Judge