



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



In the matter of:)	
)	
)	ISCR Case No. 25-00424
)	
Applicant for Security Clearance)	

Appearances

For Government: John Renehan, Esq., Department Counsel
For Applicant: *Pro se*

02/19/2026

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On October 2024, Applicant submitted a security clearance application (e-QIP). On June 5, 2025, 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 (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense 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 July 13, 2025, and requested a hearing before an administrative judge. The case was assigned to me on August 27, 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 14, 2026. The Government offered six exhibits, referred to as Government Exhibits 1 through 6, which were admitted without objection. The Applicant offered seven exhibits, referred to as Applicant's Exhibits A through G, which were admitted without objection. He also testified on his own behalf. The record remained open until the close of business on January 28, 2026, to allow him the opportunity to submit additional supporting documentation. Applicant submitted several documents referred collectively as Applicant's Post-Hearing Exhibit A, which was admitted into evidence without objection. DOHA received the transcript of the hearing (Tr.) on February 2, 2026. This decision was delayed when all Administrative Judges were furloughed from October 1 through November 12, 2015, during a Federal Government shutdown due to a lapse in Federal funding.

Findings of Fact

Applicant is 51 years old. He is married with two adult children. He has a high school diploma and some college. He holds the position of Aircraft Mechanic. 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 is indebted to a number of creditors consisting of four delinquent consumer debts totaling \$22,016; and six Federal or State delinquent taxes totaling in excess of \$36,000. Applicant admits each of the allegations set forth in the SOR, except allegations 1.d, which he claims he settled; and 1.j for which he provides some explanation. Applicant began working for a defense contractor in July 2024, and he is applying for a security clearance for the first time.

Between 2020 and 2021, during Covid, Applicant began to experience financial hardships. He explained that he contracted Covid several times, and on each occasion, he was quarantined for 14 days. When coworkers got sick, he was also quarantined, and missed work. He received Covid pay on two occasions, but the other times he had to go without pay. During this period, his wife also got Covid and was out of work for 14

days. He was also given time off when he got vaccinated, because people were having reactions to the shot. He estimates that he missed about two months of work and several paychecks because of Covid. This is when he had to pay his rent and some other bills with his credit cards.

Sometime in 2022, Applicant contacted a debt consolidation company to help him in resolving his delinquent debt. Before officially hiring them, the company contacted each of his creditors and closed his accounts. Applicant stated that he was not aware that they were going to do that. He did not follow through with hiring them.

In 2023, Applicant was laid off from his job. Contracts were not coming in and 500 employees were out of a job. Applicant was one of them. It took him about a month to find another job which contributed to his financial problems.

In regard to his delinquent taxes, Applicant procrastinated. He stated that when his children moved out of the house, he was no longer able to get the child tax credit he was used to and he started to owe taxes. Then he started hearing about tax cuts and forgiveness programs that the President was going to propose. He procrastinated waiting on some relief, and did not set up a payment plan to pay his taxes with the Federal Government right away.

Applicant explained that the state tax authorities were more aggressive than the Federal Government. In late 2024, he set up a monthly payment plan of \$150 per paycheck and started paying the state to resolve his delinquent tax debt. In the beginning, Applicant owed the state about \$15,000 in delinquent tax debt. He testified that he has reduced the debt to about \$3,000 or less. (Tr. pp. 53-54.) Applicant's Exhibit D indicates that he currently owes the state \$2,174 in back taxes. At some point, Applicant realized that while he has been paying off his state taxes, his Federal taxes were increasing because he was not paying them. (Tr. p. 51.)

In July 2024, Applicant hired a tax-relief company to assist him with his delinquent Federal taxes. His indebtedness had increased to about \$31,000 due penalties and interest. After paying the tax-relief company their fee for their services which was \$6,170, they started addressing Applicant's delinquent Federal tax debt. Applicant first had to amend his 2019 income taxes and file all of his taxes correctly for tax years 2019 through 2023. Then, an agreement was reached between the Applicant and the IRS that requires that he make regular monthly payments of \$655 to the Federal Government toward his back taxes. (Applicant's Exhibit C.) Applicant has already made four payments of \$655 monthly toward resolving this debt. (Tr. pp. 65-66.) Applicant makes the payment online each month directly to the IRS. (Tr. p. 67.) The IRS has projected that it will take the Applicant five years to pay off these back taxes. (Tr. p. 68.) Applicant stated that he has

already reduced his delinquent Federal tax debt to about \$28,000. (Tr. p. 59, and Government Exhibit 4.)

The SOR alleges the following delinquent debts of security concern:

1.a. Applicant is indebted to a creditor for an account that was placed for collection in the amount of \$7,104. This is a credit card Applicant used for essentials and to pay bills. The debt is still outstanding. Applicant stated that he received a settlement offer from the creditor for \$3,300, and he is currently saving money in his 401k that he will use to settle the debt for that amount. (Tr. pp. 35-38 and Tr.pp. 69-71.) The debt remains owing.

1.b. Applicant is indebted to a creditor for an account that was charged off in the amount of \$1,843. This is a credit card Applicant used for essentials and to pay bills. He stated that he has two small accounts with this creditor. Applicant plans to borrow money from his 401k to pay the debt off soon. (Tr. pp. 69-71.) The debt remains owing. (Tr. p. 41.)

1.c. Applicant is indebted to a creditor for an account that was charged off in the amount of \$4,992. This is a credit card Applicant used for essentials and to pay bills. Applicant plans to borrow money from his 401k to pay the debt off soon. (Tr. pp. 69-71.) The debt remains owing. (Tr. pp. 43-44.)

1.d. Applicant is indebted to a creditor for an account that was charged off in the amount of \$8,077. This is Applicant's credit card. Applicant settled the debt for \$1,615.52. The debt has been paid. (Applicant's Exhibits E and G, and Tr. pp. 45-46.)

1.e. Applicant is indebted to the Federal Government for delinquent taxes in the amount of \$3,730.41 for tax year 2019. Applicant has set up a five-year payment plan and is making monthly payments of \$655 to the IRS toward his back taxes. (Tr. pp. 52-53, and Applicant's Exhibit C.)

1.f. Applicant is indebted to the Federal Government for delinquent taxes in the amount of \$11,776.88 for tax year 2020. Applicant has set up a five-year payment plan and is making monthly payments of \$655 to the IRS toward his back taxes. (Tr. pp. 52-53, and Applicant's Exhibit C.)

1.g. Applicant is indebted to the Federal Government for delinquent taxes in the amount of \$1,578.76 for tax year 2021. Applicant has set up a five-year payment plan and is making monthly payments of \$655 to the IRS toward his back taxes. (Tr. pp. 52-53, and Applicant's Exhibit C.)

1.h. Applicant is indebted to the Federal Government for delinquent taxes in the amount of \$5,926.61 for tax year 2022. Applicant has set up a five-year payment plan and is making monthly payments of \$655 to the IRS toward his back taxes. (Tr. pp. 52-53, and Applicant's Exhibit C.)

1.i. Applicant is indebted to the Federal Government for delinquent taxes in the amount of \$8,401.54 for tax year 2023. Applicant has set up a five-year payment plan and is making monthly payments of \$655 to the IRS toward his back taxes. (Tr. pp. 52-53, and Applicant's Exhibit C.) Applicant submitted two on-line receipts for payments made in November and December 2025. (Applicant's Post-Hearing Exhibit A.)

1.j. Applicant is indebted to the State tax authorities for delinquent taxes in the amount of \$5,363.30 for tax years 2020, 2022, and 2023. Applicant indicated that he initially owed the state about \$15,000. He is making payments of \$150 per paycheck to resolve this debt. He has significantly reduced to state tax debt. Applicant's Exhibit D indicates that as of October 2025, he has reduced the debt down to \$2,174. Applicant's Exhibit F shows a payment history from July 2024 to July 2025. Applicant's Post-Hearing Exhibit A shows a payment history from May 2025 through January 2026.

Applicant's current salary, which includes two recent raises, is about \$87,225 a year. His wife, who is also employed, earns about \$60,000 annually. Together they are working to resolve their delinquent debts. (Tr. p. 72.)

Applicant's annual employee review from the period from August 1, 2024, through July 31, 2025, indicates ratings ranging from minimally satisfactory to highly satisfactory. He is considered a great employee, but he needs to improve on aircraft skills. (Applicant's Post-Hearing Exhibit A.)

A letter of recommendation from Applicant's direct supervisor indicates that Applicant consistently demonstrates responsibility and integrity in the performance of his duties and responsibilities. He is considered a person of good character who is dependable and respectful. He can be trusted to carry out his responsibilities with honesty and diligence. He works in a safety critical environment where attention to detail, and adherence to procedures and accountability are essential. He approaches each task with professionalism. His reliability, accountability, and technical competence make him a valued member of the team. (Applicant's Post-Hearing Exhibit A.)

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;
- (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 incurred delinquent debt and failed to pay his Federal and state taxes in a timely fashion. 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;

(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.

Applicant was not prompt in addressing his financial responsibilities and as a result, he has learned a hard lesson. He waited until the "last hour" to set up a payment plan to resolve his back taxes; and consequently, he is paying more in taxes now than he would have if he had paid them in a timely manner. However, Applicant now appears to have a financial plan to resolve all of his delinquent debts that he is following. He is addressing his state and Federal taxes first, and then his consumer debt. Applicant is and has been paying his delinquent state taxes with regular monthly payments of \$150 since December 2024. He has significantly reduced this tax debt from about \$15,000 to about \$2,000. To the Federal Government, he has entered into a payment agreement, and is making regular monthly payment of \$655. He has already made four payments toward resolving this debt, and according to his payment plan he will continue these payments for the next five years, when the taxes will be paid. In regard to his three consumer debts, he plans to borrow money from his 401k and resolve the debts soon. Under the particular facts, the mitigating conditions establish full mitigation.

Applicant now understands the importance of maintaining and demonstrating that he is financially responsible. He had made significant progress in a short amount of time to resolve his delinquent debts. He must continue to follow through with his payment plans and resolve all of his delinquent debts, including his three remaining consumer debts. In the event that he does not, his security clearance will be in immediate jeopardy.

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. A security clearance is a privilege and an individual who possesses one must be financially responsible at all times. Applicant understands that he cannot allow this delinquent financial indebtedness to happen again. He is currently working diligently to resolve his delinquent debts. He understands that he must live within his means and pay his bills on time. Procrastination is not acceptable, and he must continue to resolve his delinquent debts by making regular systematic payments until all of his delinquent debts are resolved. While doing this, he must not incur any new delinquent debt. Applicant has demonstrated that he can resolve his debts and has shown a pattern of financial responsibility. He is 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 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

Subparagraphs 1.a. through 1.j

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