



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



In the matter of: )  
)  
) ISCR Case No. 25-00575  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Cassie L. Ford, Esq., Department Counsel  
For Applicant: *Pro se*

04/02/2026

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**Decision**

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LAFAYE, Gatha, Administrative Judge:

Applicant failed to provide sufficient evidence to mitigate security concerns raised 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 August 28, 2024. On July 22, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant answered the SOR on August 21, 2025 (Answer) and elected to have his case decided on the written record in lieu of a hearing. The case was assigned to me on February 6, 2026.

The Government's written case was submitted on December 11, 2025. A complete copy of the file of relevant material (FORM) was provided to Applicant, who was given an opportunity to file objections and to submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on January 8, 2026, and submitted a letter responding to the sole SOR allegation. Government Exhibit (GE) 1 consists of the

SOR and Applicant's Answer, which are pleadings in this case. GE 2 through GE 6 are admitted in evidence without objection.

### **Findings of Fact**

Applicant denied the single SOR allegation (SOR ¶ 1.a) and after thorough review of the evidence, I make the following finding of facts.

Applicant is 46 years old. He earned his high school diploma in June 1998, enlisted in the active-duty Air Force in December 2000, and was honorably discharged from the Air Force in November 2012. He enrolled in college in February 2014 and earned his bachelor's degree in December 2017. He married in 2003, divorced in 2008, and married a second time in 2010. He does not have children. (GE 2, 4)

Applicant has worked as an inspector for a defense contractor since January 2024. He previously worked as an inspector for a private company from September 2016 to January 2024, and as a mechanic from September 2013 to September 2016. He received his first security clearance while serving on active duty in the Air Force. He completed his most recent SCA in August 2024 and in Section 26 (financial record), he listed a single past due debt of \$5,500 for a medical bill, which he paid in December 2023. (GE 2, 4)

The SOR alleges a single delinquent debt of \$28,489 (SOR ¶ 1.a), owed to the federal government (Defense Finance & Accounting Service (DFAS)) for an overpayment of funds related to housing allowances received between 2010 and 2012, prior to his discharge from the Air Force. In 2009, Applicant was stationed overseas and living on base. In September 2010, he married a Philippines national at a ceremony in the Philippines. After returning to his overseas duty station, he moved off-base and received additional financial allowances for housing (BAH) and subsistence (BAS). It is unclear whether, or when, his wife was able to physically reside with him at the overseas location. The Air Force determined, likely via audit, that Applicant was ineligible for the additional housing allowances under program rules, which resulted in a debt to the federal government that he was required to repay. (GE 4, 5, 6)

During his November 2024 background interview, Applicant did not disclose the reason the Air Force determined he was ineligible for the additional allowances, nor did he disclose the date and assessed amount of the overpayment debt. It is also unclear whether he requested a waiver of the overpayment. After he left the Air Force in November 2012, he said the Air Force attempted to garnish his wages, but he hired an attorney who negotiated a settlement on his behalf. He said the Air Force agreed to forego a wage garnishment action and instead agreed to take monies from his federal income tax returns, beginning around 2013. (GE 4) He did not provide a copy of the agreement.

Applicant's 2024 and 2025 credit bureau reports (CBRs) show he owed \$43,313 on the debt in March 2013, and the remaining balance of the debt totaled \$28,489. (GE 5, 6) During his background interview, he told the investigator that he was in the process of selling his home and that he would use proceeds from the sale to pay the remaining

balance of the debt within a month of closing. He described his financial situation as “good.” He also disclosed that he cashed in his 401(k)-retirement plan from a previous job, that his home was selling for a profit, and that he was in a good job with his current employer. (GE 4)

In his June 2025 response to interrogatories, Applicant was asked whether he sold his home, and if so, whether he used “some or all of the proceeds to settle or reduce your debt with the [federal government].” He responded “no,” and explained as follows:

- The property was located in [state F] and was sold. The money was used as a down payment for [the] new house in [state S].
- The debt is being handled through [the] treasury offset program. (GE 4)

Applicant was asked to “provide documentation of any payment/settlement made since your [November 2024 background] interview, including the current balance on the [federal government debt].” No documentation was provided, and he stated:

- Since the last interview, no payment was made from the offset because I owed on my tax return. The tax balance has now been paid in full. (*Id.*)

Applicant provided his tax return transcripts for tax years 2020 through 2024. In tax year 2020, he had a tax refund of \$1,629.87 and it was applied towards his federal government debt. In tax year 2023, his adjusted gross income was \$205,253 and the amount of his tax was \$38,751, to which \$27,077 was withheld and which left a deficient income tax balance of \$11,674. He paid \$6,000 on the tax debt in March 2024, and another \$5,578.92 in October 2024 to fully satisfy his 2023 tax debt. In tax year 2024, he owed a tax amount of \$1,745, and with interest and fees, he paid \$1,773.19 in June 2025 to fully satisfy his 2024 tax debt. Though he made calculation errors while completing his personal financial statement and did not list his assets, it appears his estimated discretionary income, after all bills and his mortgage are paid, totals about \$2,200 monthly (excluding his spouse’s income, if any). (GE 3)

In his August 2025 Answer, Applicant denied that the debt in SOR ¶ 1.a “is still valid or unpaid.” He explained that the debt is more than 13 years old and that he “repaid it through the treasury offset program” for many years in which his tax refunds were taken and applied towards the balance. He provided a copy of his last offset of \$1,629.87, which occurred in May 2021. He acknowledged that no tax refund credits were applied in tax years 2021 through 2024 because he owed money for income taxes. He said he contacted the U.S. Treasury Department on August 19, 2025, and that they verbally confirmed his overpayment debt “is closed and no balance is due.” He claimed he next confirmed the debt’s “closed/charged off” status with a screen shot of his credit bureau report, which he provided. The screen shot provided was partially cut off, but the readable portion shows a charge off of \$37,908, and a past due amount of \$28,489. (Answer)

Applicant said he later filed a “dispute” with the credit bureau to confirm closure of the account. He says he has no new delinquent debts; his finances are stable and asserts he has “shown responsibility in resolving this matter.” (Answer)

In his 2026 response to the FORM, Applicant offers more information about his overpayment debt, which indicates he addressed the matter administratively, through counsel, after leaving the Air Force. He said he completed and submitted all required documentation regarding his spouse’s housing status overseas.

When my spouse later joined me at [my duty location], she was living with me, and the appropriate paperwork reflected that change. Based on this, I [believe] the housing allowance should have been adjusted accordingly.

Applicant said he believed the matter was resolved based on his conversation with Treasury, but that a more recent credit bureau report shows the account as “open.” He said he is “committed to resolving all financial obligations.” (Response to FORM) However, there is no evidence that he has made any payments on the debt since the treasury offset in May 2021.

### **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 financial 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.

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

- (a) inability to satisfy debts; and
- (c) a history of not meeting financial obligations.

Applicant denied SOR ¶ 1.a, which alleges that he still owes \$28,489 to the federal government (DFAS) for an overpayment of funds for housing allowances received prior

to his discharge from the Air Force. Notwithstanding his denial and assertion that he no longer owes the debt, more recent credit bureau reports, from 2024 and 2025, establish that the debt remains outstanding and unpaid. AG ¶¶ 19(a) and 19(c) are applicable.

Conditions that could mitigate financial considerations security concerns are provided under AG ¶ 20. The following 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; and

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts.

AG ¶¶ 20(a) and 20(c) are not established to mitigate Applicant's debt in SOR ¶ 1.a. The delinquent debt remains unresolved despite the passage of time, over 12 years. He owes \$28,489 to the federal government for this debt, and he has not taken the initiative to address or resolve it after the May 2021 treasury offset. Though he hired counsel to contest the debt years ago and made some progress, the debt remains unresolved and not under control.

AG ¶ 20(b) is not fully established. Applicant likely experienced a hardship after learning he owed over \$43,000 to the federal government for overpayment of funds he received for overseas housing allowances. However, in 2013 he hired counsel and successfully negotiated repaying the debt over time in a manner that lessened his financial hardship through recapturing his tax refunds starting around tax year 2013. Despite the treasury offsets, he remained responsible for paying the debt, which has been outstanding for over 12 years. This indicates he has not taken reasonable and responsible steps to address his debt to the federal government.

In 2024, Applicant told the background investigator he would pay the remainder of the debt after selling his house for a profit. However, despite his stated commitment, he failed to pay anything on the federal government debt in SOR ¶ 1.a. In addition to selling his home for an undisclosed profit, he also took funds from his 401(k)-retirement plan, which increased his 2023 taxable income to more than \$205,000. The profit from the sale

of his home and income from his 401(k)-retirement plan created a federal income tax debt that exceeded \$11,000. He also purchased a new home around the same time. In taking these actions, he ignored his financial obligation to repay a federal government debt, which demonstrated a lack of good faith to repay or otherwise resolve his debt to the federal government.

Applicant's evidence is insufficient to establish that his financial problems were beyond his control. The Appeal Board has determined that a single debt can be sufficient to raise Guideline F security concerns. *See, e.g.,* ISCR Case No. 14-05366 at 3 (App. Bd. Feb. 5, 2016); and a single debt that remains unpaid over a period of years can properly be characterized as a history of not meeting financial obligations. *See, ISCR Case No. 19-02667 at 2 (App. Bd. Nov. 3, 2021).* The evidence demonstrates that Applicant had the financial means to resolve his debt to the federal government, but he chose not to.

I am unable to find that Applicant acted responsibly under the circumstances or that he made a good-faith effort to repay his debt to the federal government in SOR ¶ 1.a. His financial issues continue to cast doubt on his current reliability, trustworthiness, and good judgment. I find that financial considerations security concerns remain unresolved in this case.

### **Whole-Person Concept**

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 applying the whole-person concept, an 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. 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.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). Because this case is decided on the written record, I had no opportunity to question Applicant about the details of his overpayment, whether he applied for a waiver, and other aspects of the case for a clearer understanding of why he did not repay his debt to the federal government when he clearly had the means to do so. Neither did I have an opportunity to observe his demeanor and thereby assess his credibility.

After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all evidence in the whole-person context, I conclude Applicant failed to mitigate the security concerns raised in this case.

**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

Subparagraph 1.a:                 Against Applicant

**Conclusion**

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

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Gatha LaFaye  
Administrative Judge