



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



In the matter of:)
)
) ISCR Case No. 25-01348
)
)
Applicant for Security Clearance)

Appearances

For Government:
Brian L. Farrell, Esq., Department Counsel

For Applicant:
Pro se

04/17/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Applicant did not mitigate the security concerns raised under the Financial Considerations adjudicative guideline. National security eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a Questionnaire for National Security Positions on October 24, 2024 (Questionnaire). On November 19, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant 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; Department of Defense (DoD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective within DoD after June 8, 2017.

On December 26, 2025, Applicant responded to the SOR in writing (Answer). He requested that this case be decided on the written record in lieu of a hearing. In his Answer, he admitted to all of the tax issues and debts alleged in the SOR. On January 16, 2026, Department Counsel submitted the Government's written case in a File of Relevant Material (FORM). A complete copy of the FORM, consisting of Government's Exhibits (GE) 1 to 8 and the Government's arguments in support of the SOR, was received by the Applicant on January 29, 2026. He was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns, which he did via email dated February 27, 2026 (Response). Included with the email were attachments I have marked as Applicant's Exhibits (AE): AE A – Certified mail receipt dated October 28, 2024; AE B – Certified mail receipt dated February 3, 2026; AE C – TurboTax printout; and AE D – 2022 federal tax return (undated and unsigned). The case was assigned to me on April 13, 2026, and all exhibits were admitted without objection.

Findings of Fact

Applicant is a 70-year-old employee with a DoD contractor who submitted the Questionnaire in connection with his employment. He is a medical school graduate who, after practicing medicine for several years, then became a hardware and software engineer. He was widowed in 2021 after 19 years of marriage and has two grown children. (GE 3 at 5, 9, 11, 17-22; GE 4 at 3)

SOR Paragraph 1, Guideline F (Financial Considerations)

The Government alleged that Applicant is ineligible for a security clearance because he has unresolved tax issues (federal and state) as well as five delinquent and unresolved debts in excess of \$163,000. I find the following facts regarding the history and status of the taxes and debts:

1.a. Federal tax debt (\$50,622). Applicant failed to pay his federal taxes for tax years 2022 and 2023 due to grief from his wife's passing in March 2021 and health complications from a bad fall in late 2022. Applicant disclosed the existence of this tax debt in the Questionnaire and admitted to it in his Answer. Applicant averred in his Questionnaire that he was "working with the IRS to come up with a plan to pay my debts" and told an investigator on November 26, 2024, that he in fact had a payment plan with the IRS for \$1,600 per month with an expected debt payoff in 2026. Applicant's Response suggests instead the arrangement is for \$917 per month. None of Applicant's submissions, however, provide an Offer in Compromise or like documentation to show such an arrangement had either been solicited or is in place – or that any payments have been made to the IRS. Applicant timely filed his 2021 federal return on October 17, 2022, with an adjusted gross income of \$1,696,466. (Answer; Response at 1; GE 3 at 33-34; GE 4 at 4-5, 15; GE 8 at 2)

1.b. Failure to file 2022 federal tax return. Applicant failed to timely file his federal tax return for 2022 due to grief from his wife's passing in March 2021 and health complications from a bad fall in late 2022. Applicant disclosed the existence of this tax issue in the Questionnaire and admitted to it in his Answer. He believed he eventually filed the return in October 2024, but after receiving the SOR came to learn the IRS never received the return. He then at least attempted to refile the 2022 return in February 2026, though the copy he provided in his Response is unsigned and undated. (Answer; AE D at 3; GE 3 at 33-34; GE 4; GE 8 at 2-3)

1.c. State tax debt (\$1,570). Applicant is alleged to have failed to pay his taxes to State A for tax year 2024, but the 2024 tax return for State A shows a *refund* due in the amount of \$1,722. Applicant admitted to the debt, but Applicant submitted a blanket admission to *all* of the allegations in the SOR. He referred to a State A tax debt of \$1,700 in his August 2025 Response to Interrogatories and averred the existence of a payment plan that would satisfy the debt that year, but there is no documentation of such an arrangement or any payments. Concurrently, the Government has provided no tax records from State A in the record evidence purporting to show a tax debt to State A. (Answer; Response; GE 4 at 3, 6; GE 7 at 16)

1.d. State tax debt (\$3,042). Applicant failed to pay his taxes to State B for tax year 2024. Applicant did not disclose the existence of this debt in the Questionnaire but admitted to it in his Answer. Applicant's 2024 tax return from State B dated June 30, 2025, shows tax due in the amount of \$3,042. Applicant acknowledged a tax debt to State B in his August 2025 Response to Interrogatories, but claimed at that time he no longer owed anything to State B. Applicant made no further reference to the debt in his February 2026 Response and provided no documentation to show such an arrangement had either been solicited or was in place. He did not provide documentation showing that any payments had been made to State B. (Answer; Response; GE 4 at 3, 6; GE 7 at 40)

1.e. Charged-Off Account, credit card (\$105,240). Applicant originally took out this credit card in October 2014. Applicant used the card for living expenses until it was closed by the creditor and charged off in May 2023. Applicant provided no specificity as to the nature of his expenditures. He does not plan to pay on this debt until after he resolves his tax issues. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it in his Answer. (Answer, GE 3 at 35; GE 5 at 2; GE 6 at 2; GE 8 at 3)

1.f. Charged-Off Account, credit card (\$24,531). Applicant originally took out this credit card in August 2000. Applicant used the card for living expenses until it was closed by the creditor and charged off in September 2023. Applicant provided no specificity as to the nature of his expenditures. He does not plan to pay on this debt until after he resolves his tax issues. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it in his Answer. (Answer, GE 3 at 35; GE 5 at 2; GE 6 at 2; GE 8 at 3)

1.g. Collection Account, credit card (\$23,454). Applicant originally took out this credit card in November 2021. Applicant used the card for living expenses until it was closed by the creditor and sold to a collection agency in October 2024. Applicant provided no specificity as to the nature of his expenditures. He does not plan to pay on this debt until after he resolves his tax issues. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it in his Answer. (Answer, GE 3 at 35; GE 5 at 2; GE 6 at 2; GE 8 at 3)

1.h. Charged-Off Account, credit card (\$8,908). Applicant originally took out this credit card in January 2004. Applicant used the card for living expenses until it was closed by the creditor and charged off in September 2023. Applicant provided no specificity as to the nature of his expenditures. He does not plan to pay on this debt until after he resolves his tax issues. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it in his Answer. (Answer, GE 3 at 35; GE 5 at 2; GE 6 at 2; GE 8 at 3)

1.i. Charged-Off Account, credit card (\$1,349). Applicant originally took out a credit card with this bank in October 2014. Applicant used the card for living expenses until it was closed by the creditor and charged off in January 2024. Applicant provided no specificity as to the nature of his expenditures. He does not plan to pay on this debt until after he resolves his tax issues. Applicant did not disclose the existence of this delinquent debt in the Questionnaire but admitted it in his Answer. (Answer, GE 3 at 35; GE 5 at 2; GE 6 at 2; GE 8 at 3)

Whole Person Evidence

Applicant left the practice of medicine after three years and moved on to digital hardware design and software development. He ultimately authored some thirty patents and started up (and sold) three different companies. Applicant quit working following his wife's passing in March 2021. He was treated for depression and grief in 2022 and 2023. He was also relegated to eight months of bedrest for his back following a bad fall in late 2022. He ran through his retirement savings and later moved in with his daughter's family in 2024 after selling his home. He started working for the DoD Contractor in October 2024. From March 2021 through October 2024, his income was \$3,000 per month from social security. No other relevant matters in mitigation were provided. (Answer at 2-3; Response)

Policies

When evaluating an applicant's suitability for national security eligibility, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines (AG) 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, these guidelines are applied 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 applicable guidelines in the context 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, "Any 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. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to 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, and has the ultimate burden of persuasion as to obtaining 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 national security eligibility. 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 or sensitive information. Finally, as emphasized in Section 7 of Executive Order 10865, "Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." See *also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

Analysis

SOR Paragraph 1, Guideline F (Financial Considerations)

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

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 facts of this case establish the following potentially disqualifying conditions set forth in AG ¶ 19 to all the allegations under Guideline F, with the exception of SOR ¶1.c (discussed above):

- (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.

The burden therefore shifts to Applicant to mitigate security concerns under Guideline F. The guideline includes the following conditions in AG ¶ 20 that can mitigate security concerns arising from Applicant's financial history:

- (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, 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; 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.

The record evidence fails to establish AG ¶ 20(a), (b), (d) or (g) for the conduct alleged, with the exception of SOR ¶ 1.b, wherein Applicant demonstrated a good faith effort to comply with his 2022 tax-filing obligation prior to the issuance of the SOR. The record evidence is devoid of a budget, bills, or any specific discussion of expenditures. It is likewise devoid of documentation regarding agreements with, or payments to, taxing authorities. During the 42-month period of Applicant's unemployment he spent an undisclosed amount of retirement savings, the proceeds of his house sale, \$3,000 per month in social security (\$126,000) plus at least the \$163,000 in bad credit debt – while presumably having no mortgage or rent in 2024 after moving in with his daughter's family. He also earned a gross income of \$1,696,466 in tax year 2021.

Accordingly, there is insufficient evidence for a determination that Applicant's financial problems have been resolved or will be resolved within a reasonable period. I have considered the passing of his wife and his health issues, but I am unable to find that he acted reasonably under the circumstances or that he made a good faith effort to pay his debts. His financial issues are ongoing and continue to cast doubt on his current reliability, trustworthiness, and good judgment. None of the mitigating conditions are sufficiently applicable to mitigate the security concerns.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility 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 national security 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 above whole-person factors and the potentially disqualifying and mitigating conditions in light of all pertinent facts and circumstances surrounding this case.

I have given the appropriate weight to Applicant's statements attached to his Answer and Response, including the personal struggles he faced in 2021 on 2022. Overall however, the majority of the Guideline F issues in the record evidence leave me with questions and doubts as to Applicant's suitability for national security eligibility and a security clearance.

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
Subparagraph 1.a:	Against Applicant
Subparagraphs 1.b through 1.c	For Applicant
Subparagraphs 1.d through 1.i:	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 Applicant national security eligibility. Eligibility for access to classified information is denied.

RICHARD A. CEFOLA
Administrative Judge