



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



In the matter of:)
)
) ISCR Case No. 25-00330
)
Applicant for Security Clearance)

Appearances

For Government:
Aubrey De Angelis, Esquire, Department Counsel

For Applicant:
Pro se

04/16/2026

Decision

CEFOLA, Richard A., Administrative Judge:

Statement of the Case

On March 27, 2025, in accordance with Department of Defense (DoD) Directive 5220.6, as amended (Directive), the DoD issued Applicant a Statement of Reasons (SOR) alleging facts that raise security concerns under Guideline F (Financial Considerations). The SOR further informed Applicant that, based on information available to the government, DoD adjudicators could not make the preliminary affirmative finding it is clearly consistent with the national interest to grant or continue Applicant’s security clearance.

Applicant answered the SOR on June 2, 2025, and requested a hearing before an administrative judge. (Answer.) The case was assigned to me on November 13, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on December 11, 2025, scheduling the hearing for February 25, 2026. The hearing was convened as scheduled. The Government offered Exhibits (GXs) 1 through 4, which were admitted into evidence. Applicant testified on his own behalf and offered Applicant’s

Exhibits (AppXs) A through I, which were admitted into evidence. The record was left open until March 23, 2026, for receipt of additional documentation. Applicant offered AppXs H#2, I#2, J and K in a timely fashion, and they are admitted into evidence. DOHA received the transcript of the hearing (TR) on March 11, 2026.

Findings of Fact

Applicant admitted to the allegations in SOR ¶¶ 1.a. through 1.c. He denied SOR allegations ¶¶ 1.d. through 1.g. At the hearing, the Government amended the SOR; by adding ¶¶ 1.h. and 1.i., to comport with the evidence, which Applicant admitted. (TR at page 35 line 9 to page 36 line 11.) After a thorough and careful review of the pleadings, exhibits, and testimony, I make the following findings of fact.

Applicant is a 34-year-old employee of a defense contractor. He is not married and has no children. (TR at page 5 line 18 to page 6 line 13, and at page 14 line 12 to page 15 line 21.)

Guideline F - Financial Considerations

Applicant filed for an “exempt” tax-filing status, on and off, over the last ten years. This was due to periods of low wages and to periods of short-term injuries, which affected Applicant’s ability to support himself and his cohabitant girlfriend. He discovered, however, that those filings were unsupportable. (TR at page 15 line 24 to page 17 line 7, and AppX G.)

1.a. Applicant admits that he owes Federal back-taxes for tax year 2016. According to the most recent documentation from the Internal Revenue Service (IRS), his account balance is \$2,877 for 2016. He is making monthly payments of \$376 to the IRS; and according to the IRS, is in “compliance” with his payment agreement. (TR at page 15 line 24 to page 20 line 18, at page 23 line 16 to page 28 line 11, GX 4, and AppX J at page 1.)

1.b. Applicant admits that he owed Federal back-taxes for tax year 2017. According to the most recent documentation from the IRS, his account balance is \$0.00 for tax year 2017. (TR at page 15 line 24 to page 20 line 18, at page 23 line 16 to page 28 line 11, and AppX J at page 3.)

1.c. Applicant admits that he owes Federal back-taxes for tax year 2019. According to the most recent documentation from the IRS, his account balance has been reduced from the alleged \$2,814 to \$2,040 for tax year 2019. He is making monthly payments of \$376 to the IRS; and according to the IRS, is in “compliance” with his payment agreement. (TR at page 15 line 24 to page 20 line 18, at page 23 line 16 to page 28 line 11, GX 4, and AppX J at page 4.)

1.h. The SOR was amended to add: “You are indebted to the IRS in the approximate amount of \$24,593.44 for Tax Years 2020 through 2024. As of the date of

the Statement of Reasons, the taxes remain unpaid.” At the hearing, Applicant admitted this added allegation. (TR at page 35 line 16 to page 36 line 11.)

According to the most recent documentation from the IRS, his account balance for Tax Years 2020 through 2024 is \$25,642. He is making monthly payments of \$376 to the IRS; and according to the IRS, is in “compliance” with his payment agreement. (TR at page 15 line 24 to page 20 line 18, at page 23 line 16 to page 28 line 11, GX 4, AppX J at pages 6, 8, 10 and 12, and AppX H at page 1.)

1.d. Applicant denies that he owes his state back-taxes for tax year 2016. According to the most recent documentation from his state his balance owed is “Zero.” (TR at page 20 line 24 to page 22 line 6, at page 23 lines 1~15, and AppX I at page 1.)

1.e. Applicant denies that he owes his state back-taxes for tax year 2017. According to the most recent documentation from his state his balance owed is “Zero.” (TR at page 20 line 24 to page 22 line 6, at page 23 lines 1~15, and AppX I at page 2.)

1.f. Applicant denies that he owes his state back-taxes for tax year 2018. According to the most recent documentation from his state his balance owed is “Zero.” (TR at page 20 line 24 to page 22 line 6, at page 23 lines 1~15, and AppX I at page 3.)

1.g. Applicant denies that he owes his state back-taxes for tax year 2019. According to the most recent documentation from his state his balance owed is “Zero.” (TR at page 20 line 24 to page 22 line 6, at page 23 lines 1~15, and AppX I at page 4.)

(1.h. has been discussed, above.)

1.i. The SOR was amended to add: “You are indebted to . . . [Applicant’s state] in the approximate amount of \$1,900 for Tax Years 2020 through 2024. As of the date of the Statement of Reasons, the taxes remain unpaid.” At the hearing, Applicant admitted this added allegation. However, after his hearing Applicant has submitted documentation showing he is in compliance with his state’s taxing authority for Tax Years 2020 through 2024. (TR at page 35 line 16 to page 36 line 11, AppX H#2 at pages 2~5, and AppX I#2.)

Policies

When evaluating an applicant’s national security eligibility, 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 national security eligibility.

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.

According to AG ¶ 2(a), 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.

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Directive ¶ E3.1.15 states 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 applies for access to classified information seeks to enter 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 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 information.

Section 7 of Executive Order (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 relating to the guideline 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 owed back-taxes to both the IRS and his state's taxing authority. The evidence is sufficient to raise this disqualifying condition.

AG ¶ 20 provides conditions that could mitigate security concerns. I considered all of the mitigating conditions under AG ¶ 20 including:

(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; 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.

During periods of low wages and short-term injuries, Applicant filed for exemptions from paying his taxes. He discovered that those filings were unsupported. Applicant has since corrected all his tax filings, and is in compliance with both the IRS and his state's taxing authority. He has demonstrated that future financial problems of this type are unlikely. Mitigation under AG ¶ 20 has been established. Financial Considerations is found for Applicant.

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.

I considered the potentially disqualifying and mitigating conditions in light of all facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis. Some of the factors in AG ¶ 2(d) was addressed under the guideline, but some warrant additional comment. Applicant is respected in the workplace, as evidenced by three letters of support. He performs well at his job. (AppXs C~F.)

Overall, the record evidence leaves me without questions or doubts as to Applicant's eligibility and suitability for a security clearance. For all these reasons, I conclude Applicant mitigated the Financial Considerations security concerns.

Formal Findings

1Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of the Directive, are:

Paragraph 1, Guideline F:	FOR APPLICANT
Subparagraphs 1.a~i:	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 Applicant national security eligibility for a security clearance. Eligibility for access to classified information is granted.

Richard A. Cefola
Administrative Judge