



**DEFENSE LEGAL SERVICES AGENCY  
DEFENSE OFFICE OF HEARINGS AND APPEALS**



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In the matter of:	)	
	)	
	)	ISCR Case No. 25-00096
	)	
Applicant for Security Clearance	)	
_____	)	

**Appearances**

For Government:  
Sakeena Farhath, Esq., Department Counsel

For Applicant:  
*Pro se*

06/04/2026

\_\_\_\_\_  
**Decision**  
\_\_\_\_\_

CEFOLA, Richard A., Administrative Judge:

Applicant did not mitigate the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

**Statement of the Case**

Applicant submitted a Questionnaire for National Security Positions on January 5, 2024 (Questionnaire). On June 5, 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 September 26, 2025, Applicant responded to the SOR in writing (Answer) and requested that this case be decided on the written record in lieu of a hearing. In his Answer, he admitted to all tax issues alleged in the SOR. On March 2, 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 7 and the Government's arguments in support of the SOR, was received by the Applicant on March 10, 2026. He was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns, but did not respond within the specified 30-day period. The case was assigned to me on May 26, 2026, and all exhibits were admitted without objection.

### **Findings of Fact**

Applicant is 49 years old and has worked for a DoD contractor since 2021 as a principal electrical engineer. He completed his first application for a security clearance in connection with this employment. Applicant has been married since 1999 and has two children. He received a bachelor's degree in 2000 and a master's degree in 2007. (GE 3 at 5, 8-10, 16-20, 34)

#### **SOR Paragraph 1, Guideline F (Financial Considerations)**

The Government alleged that Applicant is ineligible for a security clearance because he has delinquent and unresolved tax issues, including arrears in excess of \$29,000. I find the following facts regarding the history and status of the tax issues:

**1.a. Federal tax returns (2021 – 2023):** Applicant acknowledged his failure to file his 2021 – 2023 federal tax returns in his Questionnaire and during his interview with a DoD investigator on March 20, 2024. He also related to the investigator his intention to file all of his taxes by April 15, 2024. In his Answer dated September 26, 2025, Applicant admitted that he had not yet filed the tax returns. He related a plan to handle the issue with the assistance of a CPA retained on or about May 13, 2025. Applicant has not provided any evidence of having yet filed any of the tax returns alleged in the SOR. (Answer; GE 3 at 35; GE 7 at 3-4)

**1.b. State tax returns (2021 – 2023):** Applicant did not reference his failure to file his 2021 – 2023 state tax returns in his Questionnaire but acknowledged as much in his Answer. As with his federal returns, Applicant related a plan to deal with the issue with the assistance of a CPA retained in May 2025. Applicant has not provided any evidence of having yet filed any of the late tax returns alleged in the SOR. (Answer; GE 3 at 35; GE 7 at 3-4)

**1.c. Federal tax debt – \$2,640 (2020):** Applicant acknowledged this debt in his Answer, but not his Questionnaire. As with his federal tax returns discussed above, Applicant plans to have the CPA he retained in May 2025 resolve his tax issues. Applicant has not provided any evidence of having yet paid this tax debt. (Answer; GE 3 at 35; GE 6 at 5)

**1.d. Federal tax debt – \$26,811 (2019):** Applicant acknowledged this debt in his Answer, but not his Questionnaire. As with his federal tax returns discussed above, Applicant plans to have the CPA he retained in May 2025 resolve his tax issues. Applicant has not provided any evidence of having yet paid this tax debt. In addition, the IRS filed a tax lien on April 24, 2019, for \$26,811. (Answer; GE 3 at 35; GE 6 at 5)

## **Whole Person Evidence**

During his March 20, 2024, discussion with a DoD investigator, Applicant attributed his difficulties in timely filing and paying of taxes to the complexity of his wife's taxes as she has two businesses. These tax difficulties date back many years, however, as he admitted to a different DoD investigator on August 20, 2018, that he owed \$40,000 in unpaid federal taxes from 2010 – 2013 and neither filed nor paid federal taxes in 2016 and 2017. This ultimately led to a \$5,500 garnishment of his wages by the IRS. He likewise received a garnishment of \$1,325 from state tax authorities in 2016. In addition, Applicant has had several state tax liens filed against him over the years: \$1,158 in 2015 (released in 2016); \$4,313 in 2016 (released in 2017); \$11,587 in 2019 (released in 2020); \$9,144 in 2019 (release uncertain); \$8,573 in 2020 (released in 2023); \$350 in 2021 (released in 2023). Applicant explained that the "likelihood of this happening again is slim" because his financial situation was "getting back on track." Applicant referenced having hired a CPA in his Answer but submitted no other comments or explanations as whole person evidence in mitigation of the security concerns alleged in the SOR. The comments and explanations Applicant included in his discussion with the DoD investigator, however, were reviewed in their entirety. (Answer; GE 6; GE 7 at 3-4, 7)

## **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:

- (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 tax issues alleged as Applicant has provided no documentation regarding agreements with, or payments to, taxing authorities. He has also not filed his tax returns for multiple years. Applicant's retention of a CPA over a year ago does not constitute sufficient evidence to meet his burden to show compliance with tax laws and regulations. [ISCR 22-02168 at 4 (App. Bd. Nov. 18, 2024)]. As a result, 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 alleged issues regarding his wife's businesses, but I am unable to find that he acted reasonably or responsibly under the circumstances or that he made a good faith effort to deal with his tax issues. Applicant's 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 also given the appropriate weight to Applicant's statements in his Answer and to the DoD investigators. Overall, however, 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
Subparagraphs 1.a through 1.d:	Against Applicant

### **Conclusion**

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

RICHARD A. CEFOLA  
Administrative Judge