DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

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| In the matter of: | ) | |
| | ) | |
| | ) | ISCR Case No. 25-00804 |
| | ) | |
| Applicant for Security Clearance | ) | |

**Appearances**

For Government: George A. Hawkins, Esq., Department Counsel
For Applicant: *Pro se*

06/15/2026

**Decision**

LAFAYE, Gatha, Administrative Judge:

Applicant did not 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 April 29, 2024. On August 5, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) alleging security concerns under Guideline F. Applicant answered the SOR (Answer) on September 26, 2025, and requested a hearing before an administrative judge. The case was assigned to me on January 16, 2026.

On February 6, 2026, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that his hearing was scheduled to be conducted by video teleconference on February 26, 2026. The hearing was convened as scheduled. At the hearing, the Government offered five exhibits, Government Exhibits (GE) 1 through GE 5, which were admitted in evidence without objection.

At the hearing, the Government moved to amend the SOR to conform to the new evidence received and I granted the Government's request, without objection. The allegations in SOR ¶¶ 1.a and 1.b were amended to include tax year 2024, in addition to tax years 2016, 2017, 2018, and 2022 originally alleged in the SOR.

Applicant testified and did not offer any documentary evidence. He requested additional time to allow him to submit evidence. I initially left the record open until March 12, 2026. He requested an extension of time, which I granted until March 27, 2026. No evidence was received, and I closed the record on March 31, 2026. DOHA received the hearing transcript (Tr.) on March 19, 2026.

## Findings of Fact

In his Answer, Applicant admitted all allegations in the SOR, ¶¶ 1.a and 1.b, as amended. His admissions are incorporated in my findings of fact. After thorough review of the evidence, I make the following additional findings of fact.

Applicant, age 56, earned his high school diploma in 1988. He attended college from 1990 to 1991 but has not yet completed a degree. He has never been married but he previously resided with his girlfriend from 2005 until she left the residence in September 2025. He has three adult children, ages 34, 32, and 31. He occasionally provides financial support to two of his children, and he has financially supported his maternal aunt since 2010, providing about $1,000 annually. None of his children live with him. (GE 1; Tr. 14 – 17)

Applicant has worked as a system technician for a Department of Defense (DOD) contractor since April 2005, and he currently earns about $115,500 annually. He opened a professional Disc Jockey (DJ) business in 1994 and has worked part-time as a DJ since that time, earning about $15,000 annually from the business. (Tr. 24, 37 - 53)

Applicant said he was granted a top-secret security clearance in 2008. He completed another SCA in 2014 and received an SOR for financial considerations security concerns. (Tr. 17– 18) In 2015, his security clearance was revoked after a hearing before an administrative judge. (Tr. 27) *See* ISCR Case No. 14-04044 (A.J. Decision, Sep. 24, 2015).

Applicant completed SCAs in 2019, 2020, and most recently 2024. Between the three SCAs and his responses to DCSA and DOHA interrogatories, he disclosed he failed to file federal and state tax income tax returns for tax years 2016, 2017, 2018, and 2022. (SOR ¶¶ 1.a and 1.b) At the hearing, he summed up his tax return filing status by stating he completed and filed all of his federal and state income tax returns *before 2016 and after 2023* (emphasis added). (Tr. 28) During cross examinations, he admitted he had not filed his federal and state income tax returns for tax year 2024 although he requested and received an automatic extension. (GE 1 - 5; Tr. 28-37) He did not pay estimated taxes when he submitted his request for extension.

> MR. HAWKINS: So, what you're saying as you sit here today, sometime in 2025 you filed an extension for your federal tax return for tax year 2024, but have not filed anything since that request for an extension?
>
> [APPLICANT]: That's correct.

MR. HAWKINS: Did you pay an estimated tax when you filed that extension?

[APPLICANT]: I did not.

MR. HAWKINS: Do you know whether or not you owe any money as a result of your tax year 2024 federally?

[APPLICANT]: No. (Tr. 29)

Applicant attributes his failure to file his federal and state income tax returns to procrastination, which he says became a big part of his life after his mother passed away in 2010.

[APPLICANT]: Honestly it's all about me, to be perfectly honest all this happened because of cause and effect of my mother's death. The things that I used to take care of, I used to be able to do, procrastination has become a big part of my life, and I'm trying to rid myself of that. And taxes is one of those things that for those years, although I have always had good intentions to do my taxes. Those, for one reason or another I just let those fall through the cracks, and they just compounded, and compounded. (Tr. 32)

Applicant said he now takes the requirement to file his income tax returns seriously. He has taken steps to file the most recent tax year returns first, and work backwards. He visited the Internal Revenue Service (IRS) website to retrieve his federal income tax transcripts and to research how to file his older income tax returns. He has also spoken with IRS officials about the process for completing his unfiled tax returns. (Tr. 33- 37, 58)

Applicant said he completes and files his own tax returns using a well-known tax software program that allows him to consult with affiliated tax professionals. He has never hired or used an independent tax professional to assist him with completing and filing his income tax returns. He keeps a separate tax account for his business and disclosed he has not filed his business income tax returns for the same years. (Tr. 48-53)

Applicant said he lives within his means and does not struggle financially. He has monthly discretionary income of about $1,000 remaining after all bills and expenses are paid. His monthly discretionary income was about $2,000 when he shared living quarters with his longtime girlfriend who moved out in September 2025. He said he does not spend extravagantly. He has not traveled internationally, nor has he vacationed recently. He cooks meals and eats at home, and though he occasionally helps his adult children with expenses, this does not impact his ability and willingness to pay his debts and expenses. He has about $1,500 combined between a checking and savings accounts, and a 401(k)-retirement plan valued at a few hundred dollars, which he stopped contributing to years ago. (Tr. 37 – 47)

## 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.

This concern is broader than the possibility that a person might knowingly compromise classified information to raise money. It encompasses concerns about a person's self-control, judgment, and other qualities essential to protecting classified information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. *See* ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

The guideline notes several conditions that could raise security concerns under AG ¶ 19. The following 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's admissions and the evidence in the record establish the above disqualifying condition. AG ¶ 19(f) applies.

The following mitigating conditions under AG ¶ 20 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;
>
> (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.

None of the above mitigating conditions are established to mitigate the financial considerations security concerns in this case. Applicant's issue with timely filing his federal and state income tax returns is longstanding and remains unresolved. He has not taken sufficient action to correct the deficiency, and he remains noncompliant with federal and state income tax laws, rules, and requirements to this day. His financial issues related to income taxes continue to cast doubt on his current reliability, trustworthiness, and judgment. Applicant has not met his mitigation burden.

**Whole-Person Analysis**

Under the whole-person concept, the administrative judge must evaluate an Applicant's security eligibility by considering the totality of the Applicant's conduct and all the 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.

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 the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. He has not mitigated the financial considerations security concerns in this case and thus has not carried his burden of showing it is clearly consistent with the national interest to grant him eligibility for access to classified information.

## 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:

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| Paragraph 1, Guideline F: | AGAINST APPLICANT |
| Subparagraphs 1.a, 1.b: | 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