



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



Appearances

For Government: Tara Karoian, Department Counsel
For Applicant: *Pro se*

05/13/2025

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On December 27, 2023; and March 22, 2021; Applicant submitted security clearance applications (e-QIPs). On December 23, 2024, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCSA CAS) issued Applicant a Statement of Reasons (SOR), 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 (EO); DoD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AG), effective within the Department of Defense after June 8, 2017.

Applicant answered the SOR on January 16, 2025, and requested a hearing before an administrative judge. The case was assigned to me on March 24, 2025. The Defense Office of Hearings and Appeals issued a notice of hearing on March 24, 2025, and the hearing was convened as scheduled on April 17, 2025. The Government offered nine exhibits, referred to as Government Exhibits 1 through 9, which were admitted without objection. The Applicant offered eight exhibits, referred to as Applicant's Exhibits A through H, which were admitted without objection. Applicant testified on his own behalf. The record remained open until close of business on May 8, 2025, to allow the Applicant the opportunity to submit additional supporting documentation. Applicant submitted thirteen Post-Hearing Exhibits, referred to as Applicant's Post-Hearing Exhibits A through M, which were admitted without objection. DOHA received the transcript of the hearing (Tr.) on April 29, 2025.

Motion to Amend the SOR

Department Counsel moved to amend the SOR to include an additional allegation under Guideline F, referred to as 1.n. The allegation reads as follows: You failed to timely file as required your Federal income tax returns for tax year 2023. (Tr. p. 158.) Applicant had no objection to the proposed amendment. (Tr. p. 158.) The motion to amend the SOR was granted.

Findings of Fact

Applicant is 46 years old. He has never been married and has no children. He has a Bachelor's degree in Business. He holds the position of Compass Services Lead with a defense contractor. He is seeking to obtain a security clearance in connection with his employment.

Guideline F - Financial Considerations

The Government alleged that Applicant is ineligible for a clearance because he made financial decisions that indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which raise questions about his reliability, trustworthiness and ability to protect classified information.

The SOR identified thirteen delinquent debts, consisting of consumer debt and Federal taxes, totaling approximately \$35,818. In his answer to the SOR, Applicant denied allegations 1.a., 1.d., 1.f., 1.h., 1.k., and 1.l. He admits the other allegations set forth under this guideline. Credit reports of the Applicant dated April 1, 2021; January 12, 2024; August 27, 2024; and March 12, 2025, confirm the indebtedness listed in the SOR. (Government Exhibit 5, 6, 7 and 8.)

Applicant served in the U.S. Army from April 1999 to April 2005, and held a security clearance. From 2006 to 2013, he worked overseas for the Third Army. He then returned to the U.S. for about six to eight months and went back overseas to work again. He did this a few times until he returned to the U.S. for the last time from working overseas in 2019. In total, he supported the military overseas for a period of ten years. He was required to maintain a security clearance throughout this period.

Except from 2015 to 2016, when he attended college, and for a few short periods of unemployment or for medical reasons, he has always had full-time employment. Applicant stated that at the end of 2016, when he returned from overseas, and started working at a U.S. Air Force Base, he started to have financial problems. His financial difficulties became more prevalent as time passed, especially since in the U.S. he earned less, and had to pay rent for an apartment and for all of his living expenses.

Although Applicant earned about \$30,000 more than in the U.S., and did not have housing expenses while working overseas, he was not able to put much money into savings. He stated that he tried to pay his bills, while also helping his mother in the U.S. with her living expenses. In total, he saved about \$15,000, that he put in a safety fund for emergencies. (Tr. p. 15.)

To exacerbate his financial situation, in February 2018, he was in a car accident and broke his leg in two places. Although he had medical insurance it did not cover all of his medical expenses. His portion of the medical bills for the accident cost him between \$3,000 and \$4,000 out of pocket. He had to stop working for a while to recover from the accident, which also impacted his income. He started using his safety fund to pay his living expenses. His safety fund lasted about three months before he returned to work again. Following his accident, in 2018, Applicant received one disability payment, and then started a new job for a few months. He was barely able to pay his and his mother's expenses. He then moved again to another job.

In 2019, his mother was diagnosed with lung cancer and underwent cancer surgery to have a lung removed. She did not have medical insurance. Applicant helped pay for her surgery as well as her food, rent, and transportation. In March 2019, Applicant returned overseas for work for the last time. He worked there until December 2019. During this period overseas, the pay increase he received was helpful in addressing his debts. He found it difficult to meet his regular monthly expenses and also help his mother with his reduced income in the U.S. As a result, a number of his debts have become delinquent.

In October 2022, Applicant began working for his current employer. After completing a security clearance application in 2023, he was granted an interim security clearance. Following the issuance of the SOR, in December 2024, his security clearance was suspended pending a decision in this case.

During his telephone interview with the DoD investigator in April 2021, Applicant was first notified that his financial indebtedness was a security concern. (Government Exhibit 9.) After responding to interrogatories in May and August 2024, he became clearly aware of the extent of his financial indebtedness. (Government Exhibits 3 and 4.) In May 2024, he contacted a number of his creditors and set up payment plans to resolve the debts. He claims that he paid a few debts, but for the most part, he failed to follow through with the payment plans that he had with most of the creditors. He did not have the money to make the payments. (Tr. p. 137-138.)

In January 2025, Applicant contacted and hired a credit repair company for assistance in resolving his debts. He paid them a one-time fee of \$1,000 for their services. He explained that their purpose is to educate him on financial literacy and to dispute all of the delinquent debts listed on his credit report. Applicant acknowledges that most of the debts listed on his credit report are his debts. Some of the debts he believes he has paid but are still reflected as owing. (Tr. pp. 47 and 92.)

The following delinquent debts are of security concern:

1.a. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of \$5,052. This is a car loan on the automobile that Applicant had the accident in. Applicant believed that his gap insurance would cover the pay off on the loan. The account was opened in March 2017, and the car accident was in February 2018. At the time of the hearing Applicant has not looked into the matter to find out why his insurance company has not paid off the loan, nor has he made any payments toward resolving the debt. On April 22, 2025, Applicant set up a payment plan with the creditor to accept a payoff amount of \$4,852.12, at monthly payments of \$200 until the debt is paid in full. (Applicant's Post-Hearing Exhibit A.) The debt remains owing. (Tr. pp. 84-90.)

1.b. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of \$2,226. This is a credit card account that Applicant opened. Applicant is currently disputing the debt through his credit repair company, with hopes that they are going to remove it from his credit report. (Tr. pp. 91-95.) A statement from the collection agency dated April 25, 2025, indicates that the balance on the account is zero. (Applicant's Post-Hearing Exhibit B.) The debt is no longer owing.

1.c. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of \$878. A letter from the collection agency dated April 28, 2025, indicates that the account was settled in full on April 21, 2025. (Applicant's Post-Hearing Exhibit C.) The debt is no longer owing.

1.d. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$776. Applicant made a payment of \$50 towards the debt on May 29, 2024. He is currently disputing the debt because he does not know what it is, and he does not believe the debt is his debt. He claims that he has

never had a fitness membership at this gym. (Applicant's Exhibit A, and Tr. pp. 100-102.) A letter from the collection agency dated April 24, 2025, indicates that the account was paid in full on that date. (Applicant's Post-Hearing Exhibit D.) The debt is no longer owing.

1.e. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$565. Applicant opened this credit card to establish credit. He is currently disputing the debt as he claims he has paid off the debt, and that it should have been removed from his credit report. (Tr. p. 49.) Information in the record indicates that on May 30, 2024, Applicant set up a payment plan with the creditor to resolve the debt. According to the payment plan, Applicant was scheduled to make two payments of \$226.50; one due on June 28, 2024; and the other due on July 28, 2024. (Government Exhibit 3.) Applicant stated that he made both payments according to the agreement, and the debt has been resolved. (Tr. pp. 106-108.) A letter from the collection agency dated April 23, 2025, indicates that there is no balance due on the account. (Applicant's Post-Hearing Exhibit E.) The debt is no longer owing.

1.f. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$526. Applicant opened this credit card to establish credit. He claims that he paid the debt. (Tr. p. 108.) A letter from the collection agency dated April 23, 2025, indicates that the account has been closed and the credit bureaus will be instructed to remove the account from their reports. (Applicant's Post-Hearing Exhibit F.) The debt is no longer owing.

1.g. Applicant is indebted to a creditor for an account that was charged off in the approximate amount of \$521. Applicant opened this credit card to establish credit. He is currently disputing this debt as he contends the debt has been paid off. Information in the record indicates that on May 30, 2024, Applicant set up a payment plan with the creditor to resolve the debt. According to the payment plan, he was required to make regular monthly payments of \$86.98 beginning June 13, 2024, and continuing until November 13, 2024, when the debt would be paid in full. (Government Exhibit 3, and Tr. pp. 50-51.) Applicant's most recent credit report shows the balance has been reduced to \$347. (Government Exhibit 7.) A letter from the creditor dated April 22, 2025, indicates that the account has been paid and they will report it to the credit agencies as paid in full and charged off. (Applicant's Post-Hearing Exhibit G.) The debt is no longer owing.

1.h. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$311. This is Applicant's gym membership account. He stated that he has not tried to contact the creditor or pay off the debt. He is disputing the debt because he believes that the debt is in good standing. (Tr. pp. 111-112.) Government Exhibit 3 indicates that Applicant set up regular monthly payments of \$48.81 to begin on June 15, 2024, and to continue through November 15, 2025. (Government Exhibit 3.) A credit card transaction receipt dated April 22, 2025,

indicates that Applicant made a payment of \$311.40 on that date and resolved the debt. (Applicant's Post-Hearing Exhibit H.) The debt is no longer owing.

1.i. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$294. Applicant stated that he paid the debt off a few days before the hearing. (Applicant's Exhibit F, and Tr. p. 117-120.) A letter from the creditor dated April 21, 2025, indicates that the balance on the account is zero. (Applicant's Post-Hearing Exhibit I.) The debt is no longer owing.

1.j. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$988. This was the cost of the ambulance service when he was in the car accident in 2018. He made no payments to resolve the debt. (Tr. pp. 125-127.) A handwritten note from the Applicant verifies that on April 23, 2025, he entered into a payment arrangement with the collection agency to resolve the current balance of \$741.60 in three monthly payments of \$247.20 to be paid in May, June, and July, 2025. (Applicant's Post-Hearing Exhibit J.) The debt remains owing.

1.k. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$101. Applicant claims that he paid the debt and it has been removed from his credit report. (Tr. pp. 127-129.) A text message from the collection agency indicates that they are collecting zero dollars from the Applicant. (Applicant's Post-Hearing Exhibit K.) The debt is no longer owing.

1.l. Applicant is indebted to a creditor for an account that was placed for collection in the approximate amount of \$10,369 for the balance due on a vehicle that had been repossessed. Applicant acknowledges the repossession. Information in the record indicates that on May 28, 2024, Applicant contacted the creditor by telephone. During that telephone conversation he entered into a payment plan with the creditor to resolve the debt. The creditor agreed to close out Applicant's account with a payment of \$750. (Government Exhibit 3, and Tr. pp. 130-133.) Applicant failed to submit the \$750 as agreed, and Applicant has had no further contact with the creditor. A recent account statement indicates that the Applicant has entered into another payment agreement with the creditor. It shows the current balance on the account is now \$13,026.60. Applicant made his first payment on April 21, 2025, of \$2,073. His standard monthly payment is now \$289.48 until the debt is paid in full. (Applicant's Post-Hearing Exhibit L.) The debt remains owing.

1.m. Applicant is indebted to the Federal Government for delinquent taxes in the amount of approximately \$13,211.06 for tax year 2019. Applicant explained that in 2019, he was overseas and filed "exempt" for tax purposes. In order to file for "exempt" status, an individual must be overseas for at least 330 days of the year in question. In 2019, Applicant was overseas for about 300 days. He was shy of about 30 days, which would preclude him from filing "exempt" under the regulations. As a result, he incurred tax liability in the amount alleged. On April 1, 2024, Applicant set up a payment arrangement with the Federal Government to begin on May 28, 2024, in the amount of

\$150 monthly. Under the terms of the agreement, his payment was to change to \$275 on May 28, 2025, and was to continue at that amount each month thereafter until the balance was paid in full. Applicant did not follow through with the payment arrangement and the taxes for 2019 remain owing. (Government Exhibit 3, and Tr. pp. 135-139.) Applicant recently contacted the IRS and set up a Direct Debit payment plan to resolve his delinquent back taxes. His monthly payments of \$250 will be automatically debited from his bank account on the 15th of each month to start on June 15, 2025, and to continue until his back taxes are completely resolved. (Applicant's Post-Hearing Exhibit M.) The debt remains owing.

1.n. Applicant failed to timely file as required his Federal income tax return for tax year 2023. Applicant testified that he had his tax person prepare this income tax return for timely filing, but it was never filed because he is no longer in the business of preparing income tax returns. (Tr. p. 158.) Applicant stated that on April 9, 2025, just days before the hearing, he filed his Federal income tax return for 2023. (Applicant's Exhibit G.)

Policies

When evaluating an applicant's suitability for a security clearance, 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 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 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 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. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

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 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 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 as to 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 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. 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. Three are potentially applicable in this case:

- (a) inability or unwillingness 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.

Applicant has a history of financial irresponsibility. Until recently his actions or inactions demonstrated a history of not addressing his debt and/or an inability to do so. The evidence is sufficient to raise the above disqualifying conditions.

The following mitigating conditions under the Financial Considerations guideline are potentially applicable under AG ¶ 20:

(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), 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;

(e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue; and

(g) the individual has made arrangements with the appropriate tax authorities to file or pay the amount owed and is in compliance with those arrangements.

Applicant has had two unexpected medical emergencies, a car accident in 2018, and resulting injuries, and his mother's serious health diagnosis and treatments in 2019, that were circumstances largely beyond his control. These circumstances clearly contributed to his financial instability. In addition, his ability to transition from working overseas to working in the U.S. has been difficult. His decrease in pay and the loss of other benefits since his employment in the U.S., coupled with his multiple moves across the U.S. to find suitable employment, have all negatively impacted his financial situation. However, despite these unexpected events he continued to incur debt that he knew he could not afford to pay. Then he, for the most part, ignored the debt for many years. Furthermore, he was untimely in filing his Federal income tax return for 2023. To make things worse, he does not show a basic understanding of financial literacy and how best to live within his means and keep track of his expenses. Consequently, he has a history

of financial instability that remains a security concern. He is required to show by a preponderance of the evidence that the concern has been mitigated. The evidence presented falls short of meeting this requirement.

For many years, Applicant simply ignored his delinquent debts when he should have given them priority. He made bad decisions concerning how he spent his money. He consistently lived beyond his means spending money without concern for a budget. Understanding that life brings unexpected and difficult situations from time to time, an individual who has access to classified information must consistently demonstrate good judgment, responsibility, and trustworthiness. This means that a person entrusted with a security clearance should at all times, live within their means, and be able to pay their bills in a timely fashion to maintain financial stability. Applicant has almost twenty-five years of Government service working for the DoD. He held a security clearance for much of that time, while in the military, and then while he worked overseas in the Third Army. He is not new to the DoD security clearance requirements, and he knows what is expected. To access classified information, he must demonstrate that he is financially responsible. He has not done so.

In 2024, when Applicant claims that he first became aware of the extent of his indebtedness, and realized its impact on his security clearance, he made the effort to contact his creditors and set up payment plans to resolve each of his debts. To his detriment, however, he failed to follow through with the payment plans. Recently, he has demonstrated a renewed commitment to obtain financial stability. Following the hearing, he again contacted each of his creditors/and or collection agencies, and submitted Post-Hearing Exhibits A through M, reflecting that he has recently either paid off the debt, or set up a payment plan that he intends to follow. Nine of the smaller debts listed in the SOR have been paid or otherwise resolved. Those that remain owing are four larger debts, 1.a., 1.j., 1.l., and 1.m. They total approximately \$29,000. Allegation 1.m on its own concerns a debt of more than \$13,000 owed to the Federal Government for 2019 taxes. He has not yet started to pay this debt.

At the present time, Applicant remains excessively indebted. He has not established a track record of payment to demonstrate that he is financially responsible. In fact, because he has a history of failing to follow through with previous payment arrangements he had with his creditors, including to the Federal Government for delinquent taxes, there is a strong likelihood that he may fail to follow through again. Under the particular circumstances of this case, Applicant has done too little, too late. He has not demonstrated sufficient responsibility or trustworthiness to access classified information. If in the future he incurs no new delinquent debt, follows through with his payment plans, and resolves his existing delinquent debts, he may be found eligible for a security clearance. Mitigating conditions 20(a), 20(b), and 20(c), and 20(d), do not establish full mitigation.

Overall, there is insufficient evidence in the record to show that he has carried his burden of proof to establish mitigation of the Government's security concerns under Guideline F. Accordingly, Guideline F is found against 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. The smaller debts listed in the SOR have been resolved, however most of the indebtedness remains owing. The four largest debts owing totaling in excess of \$29,000, remain a security concern.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. I conclude Applicant has not mitigated the Financial Considerations security concern.

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., 1.j., 1.l., 1.m., 1.n.

Against Applicant

Subparagraphs 1.b. through 1.i., 1.k.

For 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 or continue Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Darlene Lokey Anderson
Administrative Judge