



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



## **Appearances**

For Government: Andrew Henderson, Esq., Department Counsel  
For Applicant: *Pro se*

06/10/2025

## Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

## **Statement of Case**

On July 3, 2023, Applicant submitted a security clearance application (e-QIP). On October 9, 2024, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCAS CAS) issued Applicant a Statement of Reasons (SOR), detailing security concerns under Guideline F, Financial Considerations and Guideline E, Personal Conduct. The action was taken under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective for cases after June 8, 2017.

Applicant answered the SOR on March 5, 2025, and requested a hearing before an administrative judge. The case was assigned to me on April 10, 2025. The Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing on April 16, 2025, and the hearing was convened as scheduled on May 15, 2025. The Government offered six exhibits, referred to as Government Exhibits 1 through 6, which were admitted without objection. The Applicant offered no documentary exhibits, but he testified on his own behalf. The record remained open following the hearing, until close of business on May 29, 2025. Applicant submitted one Post-Hearing Exhibit, consisting of several documents, referred to as Applicant's Post-Hearing Exhibit A, which was admitted without objection. DOHA received the transcript of the hearing (Tr.) on May 27, 2025.

### **Findings of Fact**

Applicant is 50 years old. He has never been married and has no children. He has a high school diploma. He is employed by a defense contractor as an Aerospace Mechanical Technician, Level 6. 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 alleged that Applicant failed to file his Federal and State income tax returns for tax years 2020, 2022, and 2023, as required by law. He also incurred four delinquent debts owed to creditors on accounts that were either charged off or placed for collection totaling almost \$13,000. In his answer to the SOR, Applicant denied each of the allegations in the SOR, except allegation 1.g., which he admitted. Credit reports of the Applicant dated July 22, 2023; February 21, 2024; and March 12, 2025, confirm the indebtedness in the SOR. (Government Exhibits 4, 5, and 6.)

Applicant was employed as a welder from September 2017 to March 2022 for a metal company. When the owner passed away, his son took over the business, and the work environment changed to the Applicant's dislike. Not long after this, Applicant quit the job, and started a part-time "side" business, his own printing and design company, while still maintaining full-time outside employment. Despite this, he did not earn enough money to cover his basic living expenses.

In June 2023, Applicant began working for his current employer, a defense contractor, in a full-time position. In July 2023, he applied for a security clearance for the first time. By August 2023, he stopped operating his side business.

SOR allegations 1.a., 1.c., and 1.e., state that Applicant failed to file his Federal income tax return for tax years 2020, 2022, and 2023. (Government Exhibit 3.) Applicant admitted that he did not file his Federal and State income tax returns for tax years 2020, 2022, and 2023, as required. He explained that the reason he failed to file them was because when Covid started in 2020, the world was upside down, and he decided not to deal with his taxes. Since he did not file his 2020 tax returns, he stated that he did not file his 2021 and 2022 tax returns, as things snowballed. He did not realize that it was going to come back and “bite him” as hard as it has. (Tr. pp. 29-30.) He later testified that at some point, he and his girlfriend prepared his Federal and state tax returns for the years in question, and dropped them at a pack, ship, and print, location near his house (a third-party location), and apparently the tax returns never left the building. (Tr. p. 49-50.) Applicant testified that during the third week of April 2025, (about a month and a half before the hearing) he filed his Federal and State income tax returns for tax years 2020, 2022, 2023, and 2024. (Tr. p. 31.)

Internal Revenue Service Transcripts reflect that Applicant’s Federal tax returns for tax years 2022, 2023, and 2024, were filed on May 12, 2025. (Applicant’s Post-Hearing Exhibit A.) These transcripts also show that Applicant’s 2020 tax returns were not filed, but show that two refunds were issued, which raises some confusion. There is also evidence that Applicant had filed tax returns for tax year 2021 on May 9, 2022. (Government Exhibit 3, and Applicant’s Post-Hearing Exhibit A.) Applicant does not remember ever filing his 2021 Federal tax returns.

SOR allegations 1.b., 1.d., and 1.f., state that Applicant failed to file his State income tax return for tax years 2020, 2022, and 2023. (Government Exhibit 3.) Nothing in the evidentiary record shows that these returns were filed. It is unclear whether Applicant owes state taxes.

As part of Applicant’s background investigation for his security clearance, he was interviewed by an investigator from the Office of Personnel Management and was also required to provide responses to DOHA interrogatories. In response to DOHA interrogatories dated September 20, 2024, Applicant indicated that he had filed his Federal and State tax return for tax years 2020 and 2022. This was not true. Applicant had only filed his 2021 Federal tax return. He did not file his Federal and State income tax returns for tax years 2020 and 2022 until May 2025.

There are also delinquent debts listed in the SOR that are of security concern.

1.g. A delinquent credit card debt is owed to a creditor for a collection account in the approximate amount of \$4,195. Applicant stated that from 2021 through part of 2022, he was trying to maintain his business and pay his living expenses. He did not have much in savings, his client was not paying him, and so he was living on his credit card. He stopped using the credit card when it apparently maxed out. Applicant initially stated that about two months ago, he contacted the creditor to see who he should pay, and he

was sent back to the collection agency. He did not follow up with the collection agency. (Tr. pp. 39-40.) He finally admitted that an involuntary garnishment action has been implemented, which is scheduled to be reflected in his next paycheck. He stated that 20 percent of his paycheck will be garnished monthly, which totals about \$540, and will continue until the debt is paid in full. (Tr. p. 54.)

1.h. A delinquent debt owed to a creditor for a charged-off account in the approximate amount of \$6,964. Applicant stated that he opened the account in 2020 to help pay for household goods, fuel, and living expenses. He stated that he is currently making quarterly payments of \$1,300 to resolve the debt. He has already made three payments of \$1,300 toward the debt, totaling almost \$4,000. He has no idea why his credit report indicates that the debt is still outstanding and remains owing. (Government Exhibit 6.) Applicant provided a payment schedule showing that he has two payments of \$831.48 left to be paid on June 26, 2025; and July 26, 2025, to resolve the debt in full. (Tr. pp. 40-56.) The debt is being paid. (Applicant's Post-Hearing Exhibit A.)

1.i. A delinquent credit card debt is owed to a creditor for a charged-off account in the approximate amount of \$1,729. Applicant stated that he used the credit card to pay for living expenses. He opened the account in 2022. He initially testified that the debt was paid in December of last year or January of this year. He later stated that he does not know if he made any payments toward the debt and that it is still owing. (Tr. pp. 59-61.) His credit report shows that the debt remains outstanding. (Government Exhibit 6.) Applicant provided no documentary evidence to show that the debt has been or is being resolved. The debt remains owing.

1.j. A delinquent cellular phone debt is owed to a creditor for a collection account in the approximate amount of \$158. Applicant contends that the debt was paid off a week ago. He provided a receipt showing that he made a payment to settle the account in the amount of \$79.09. The debt is no longer owing. (Applicant's Post-Hearing Exhibit A.)

Applicant currently earns about \$7,200 monthly before taxes because of a recent promotion, that includes a \$500-a-month pay raise. After taxes he now brings home about \$4,700 monthly. After paying his regular monthly expenses, he is able to save a couple hundred dollars a pay period. (Tr. p. 53.) He stated that he enjoys his job and hopes to continue his work for the Government.

## **Guideline E – Personal Conduct**

The Government alleged that Applicant is ineligible for a clearance because he engaged in conduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations that raise questions about his reliability, trustworthiness, and ability to protect classified or sensitive information.

2.a. On or about September 20, 2024, Applicant falsified material facts in a sworn statement when responding to the DOHA Interrogatories. Applicant stated, "Yes," that

he had filed his 2020 Federal Tax return, when in fact he had not filed his 2020 Federal income tax return. (Government Exhibit 3.)

2.b. On or about September 20, 2024, Applicant falsified material facts in a sworn statement when responding to the DOHA interrogatories. Applicant stated, "Yes," that he had filed his 2020 State Tax return, when in fact he had not filed his 2020 State Tax return. (Government Exhibit 3.)

2.c. On or about September 20, 2024, Applicant falsified material facts in a sworn statement when responding to the DOHA Interrogatories. Applicant stated, "Yes," that he had filed his 2022 Federal Tax return, when in fact he had not filed his 2022 Federal income tax return. (Government Exhibit 3.)

2.d. On or about September 20, 2024, Applicant falsified material facts in a sworn statement when responding to the DOHA Interrogatories. Applicant stated, "Yes," that he had filed his 2022 State Tax return, when in fact he had not filed his 2022 State Tax return. (Government Exhibit 3.)

## Policies

When evaluating an applicant's suitability for 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 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. Four are potentially applicable in this case:

- (a) inability to satisfy debts;
- (b) unwillingness to satisfy debts regardless of the ability to do so;
- (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 incurred delinquent debt that he only recently began to address. He also failed to file Federal and state tax returns for tax years 2020, 2022, and 2023. The evidence is sufficient to raise the above disqualifying conditions.

The following mitigating conditions under Financial Considerations 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, 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;
- (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 authority to file or pay the amount owed and is in compliance with those arrangements.

For the past two years, Applicant has had stable, full-time employment working for a defense contractor. He has known for some time that his job required a security clearance and that his failure to file his tax returns and address his delinquent debts were a concern. He ignored these matters until recently, when he realized that the problems would not go away. Just last month, in May 2025, he filed the Federal tax returns in question. He initially stated that he has been making payments, not monthly, but when he had the money, to resolve each of the delinquent debts listed in the SOR. This is not true. It appears from the evidence that he has paid off the smallest debt and is making quarterly payments towards another. Regarding the remaining two delinquent debts, one is starting to be garnished from his paycheck, and the other debt remains owing. Applicant has not demonstrated a track record of financial responsibility. His financial history demonstrates procrastination, poor judgment, irresponsibility, and untrustworthiness. This guideline is found against Applicant.

## **Guideline E - Personal Conduct**

The security concern for the personal conduct guideline is set out in AG ¶ 15:

Conduct involving questionable judgment, lack of candor, dishonesty, or unwillingness to comply with rules and regulations can raise questions about an individual's reliability, trustworthiness and ability to protect classified information. Of special interest is any failure to provide truthful and candid answers during the security clearance process or any other failure to cooperate with the security clearance process.

AG ¶ 16 describes conditions that could raise a security concern and may be disqualifying. The following disqualifying condition is potentially applicable:

(a) deliberate omission, concealment, or falsification of relevant facts from any personnel security questionnaire, personal history statement, or similar form used to conduct investigations, determine employment qualifications, award benefits or status, determine national security eligibility or trustworthiness, or award fiduciary responsibilities.

AG ¶ 17 provides conditions that could mitigate security concerns. I have considered each of the mitigating conditions below:

(a) the individual made prompt, good-faith efforts to correct the omission, concealment, or falsification before being confronted with the facts;

(c) the offense is so minor, or so much time has passed, or the behavior is so infrequent, or it happened under such unique circumstances that it is unlikely to recur and does not cast doubt on the individual's reliability, trustworthiness, or good judgment;

(d) the individual has acknowledged the behavior and obtained counseling to change the behavior or taken other positive steps to alleviate the stressors, circumstances, or factors that contributed to untrustworthy, unreliable, or other inappropriate behavior, and such behavior is unlikely to recur;

(e) the individual has taken positive steps to reduce or eliminate vulnerability to exploitation, manipulation, or duress; and

(f) the information was unsubstantiated or from a source of questionable reliability.

Applicant marked, "Yes," in response to questions in his DOHA interrogatories that asked if he had filed his Federal and State income tax returns for tax years 2020 and 2022. (Government Exhibit 3.) He deliberately provided false material information when he responded to these questions in the DOHA interrogatories. There is no excuse for his dishonesty. Deliberately providing false material information to the Government raises serious questions about one's credibility and trustworthiness. None of the mitigating conditions are applicable. This guideline 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.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. Applicant was not truthful when he answered the interrogatories questions about his income tax filings. He deliberately led the Government to believe that he had filed his income tax returns for tax years 2020 and 2022, in a timely fashion, (in response to interrogatories) when in fact he did not file these tax returns until May 2025. (Applicant's Post-Hearing Exhibit A.) He has also failed to establish a financial record demonstrating that he pays his debts in a timely fashion. In fact, his wages are being garnished to pay one of the delinquent debts.

The Government must be able to trust all information it is provided by individuals who have access to classified or sensitive information. In this case, Applicant has not demonstrated that he can be trusted, or that he is responsible. His conduct shows poor judgment, unreliability, and untrustworthiness. Applicant has not mitigated the Financial Considerations and Personal Conduct security concern guidelines.

### **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:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a. through 1g., and 1.i.	Against Applicant
Subparagraphs 1.h and 1.j.	For Applicant.
Paragraph 2, Guideline E:	AGAINST APPLICANT
Subparagraphs 2.a. through 2.d.	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 or continue Applicant's national security eligibility for a security clearance. Eligibility for access to classified information is denied.

Darlene Lokey Anderson  
Administrative Judge