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**United States Department of Energy
Office of Hearings and Appeals**

In the Matter of: Personnel Security Hearing)
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Filing Date: May 29, 2025)
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Case No.: PSH-25-0133

Issued: November 3, 2025

Administrative Judge Decision

Andrew Dam, Administrative Judge:

This Decision concerns the eligibility of XXXXXXXXXXXXXXXX (the Individual) to hold an access authorization under the United States Department of Energy's (DOE) regulations, set forth at 10 C.F.R. Part 710, "Procedures for Determining Eligibility for Access to Classified Matter and Special Nuclear Material or Eligibility to Hold a Sensitive Position."¹ As discussed below, after carefully considering the record before me in light of the relevant regulations and the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (June 8, 2017) (Adjudicative Guidelines), I conclude that the Individual's access authorization should not be granted.

I. BACKGROUND

The Individual applied for access authorization in connection with his employment with a DOE contractor. Exhibit (Ex.) 1 at 5.² The Individual's July 2024 credit report, reviewed in connection with his clearance investigation, revealed that he had two outstanding debts from (1) a federal credit union account with a charged off balance of \$12,292 and (2) a credit card account with a total balance of \$4,172 and past due amount of \$1,035. Ex. 6 at 24–25. The LSO issued to the Individual a Letter of Interrogatory (LOI) to which the Individual responded in February 2025; in his response (February 2025 LOI Response), the Individual admitted to not filing federal tax returns for tax years 2021, 2022, and 2023 and his state tax return for tax year 2023. Ex. 5 at 20–21. In the same February 2025 LOI Response, the Individual estimated that he owed about \$10,000 in federal taxes and admitted that the past due debts in the July 2024 credit report had not been paid. *Id.*

¹ The regulations define access authorization as "an administrative determination that an individual is eligible for access to classified matter or is eligible for access to, or control over, special nuclear material." 10 C.F.R. § 710.5(a). This Decision will refer to such authorization as "access authorization" or "security clearance."

² References to the Local Security Office's (LSO) exhibits are to the exhibit number and the Bates number located in the top right corner of each exhibit page.

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Due to the unresolved security concerns associated with his failure to file tax returns and to satisfy financial obligations, the LSO, in April 2025, informed the Individual in a Notification Letter that it possessed reliable information creating a substantial doubt regarding his eligibility to hold a security clearance. Ex. 1 at 5–7. In an attachment to the letter entitled Summary of Security Concerns (SSC), the LSO explained that the derogatory information raised concerns under Guideline F of the Adjudicative Guidelines. *Id.* at 4.

The Individual exercised his right to request an administrative review hearing pursuant to 10 C.F.R. Part 710. Ex. 2 at 9–10. The Director of the Office of Hearings and Appeals (OHA) appointed me as the Administrative Judge in this matter, and I subsequently conducted an administrative review hearing. The LSO submitted nine numbered exhibits (Ex. 1–9) into the record. The Individual had no objections to the LSO’s exhibits.³ The Individual submitted two exhibits in two separate PDF files (Ex. A–B).⁴ DOE Counsel objected to the Individual’s Exhibit B on the basis of relevancy, and the Individual voluntarily withdrew Exhibit B. *See* Transcript of Hearing, OHA Case No. PSH-25-0133 (hereinafter cited as “Tr.”) at 8–10. Accordingly, I will not consider Exhibit B in this Decision. The Individual testified on his own behalf, and the LSO presented no witnesses. *Id.* at 3, 6–7.

II. NOTIFICATION LETTER AND THE ASSOCIATED SECURITY CONCERNS

The LSO cited Guideline F (Financial Considerations) of the Adjudicative Guidelines as the basis for its substantial doubt regarding the Individual’s eligibility for access authorization. Ex. 1 at 4. “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 . . . information.” Adjudicative Guidelines at ¶ 18. Among the conditions set forth in this guideline that could raise disqualifying security concerns are the “inability to satisfy debts; . . . a history of not meeting financial obligations; . . . consistent spending beyond one’s means or frivolous or irresponsible spending, which may be indicated by . . . a history of late payments or of non-payment . . . ; [and the] failure to file . . . annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required” *Id.* at ¶ 19(a), (c), (e)–(f). The SSC cited the Individual’s failure to file federal tax returns for tax years 2021, 2022, and 2023; his failure to file his state 2023 tax return; his estimated \$10,000 in outstanding federal tax liability; his \$12,292 charged-off balance with the federal credit union; and his credit card account with a balance of \$4,172 and past due amount of \$1,035. Ex. 1 at 4. The cited information justifies the LSO’s invocation of Guideline F.

III. REGULATORY STANDARDS

³ At the hearing, the Individual demonstrated that the exhibit notebook he received from the LSO consisted of blank pages throughout Exhibit 5. Tr. at 17–18. When shown the Exhibit 5 that the LSO intended to submit into the record, the Individual confirmed that the non-blank Exhibit 5 was his February 2025 LOI Response that he had authored; he also confirmed that he had access to the document in his own email records. *Id.* at 19–20. The Individual had no objection to the admission of Exhibit 5 into the record and no objection to being questioned about the exhibit during the hearing. *Id.*

⁴ References to the Individual’s exhibits are to the exhibit letter and the PDF page number.

A DOE administrative review proceeding under Part 710 requires me, as the Administrative Judge, to issue a decision that reflects my comprehensive, common-sense judgment, made after consideration of all the relevant evidence, favorable and unfavorable, as to whether the granting or continuation of a person's access authorization will not endanger the common defense and security and is clearly consistent with the national interest. 10 C.F.R. § 710.7(a). The regulatory standard implies that there is a presumption against granting or restoring a security clearance. *See Department of Navy v. Egan*, 484 U.S. 518, 531 (1988) (“clearly consistent with the national interest” standard for granting security clearances indicates “that security determinations should err, if they must, on the side of denials”); *Dorfmont v. Brown*, 913 F.2d 1399, 1403 (9th Cir. 1990) (strong presumption against the issuance of a security clearance).

The Individual must come forward at the hearing with evidence to convince the DOE that granting or restoring access authorization “will not endanger the common defense and security and will be clearly consistent with the national interest.” 10 C.F.R. § 710.27(d). The Individual is afforded a full opportunity to present evidence supporting his eligibility for access authorization. The Part 710 regulations are drafted to permit the introduction of a very broad range of evidence at personnel security hearings. Even appropriate hearsay evidence may be admitted. *Id.* § 710.26(h). Hence, an individual is afforded the utmost latitude in the presentation of evidence to mitigate the security concerns at issue.

IV. FINDINGS OF FACT

a. The Individual's Background, Failure to File Tax Returns, and Outstanding Tax Liability

The Individual testified that he started working at around 16 years old, approximately in 2014. Tr. at 40–41; *see also* Ex. 7 at 33 (QNSP indicating that his birth year was 1998). The Individual further testified that since he started working, he has been “very aware” of his obligation to file tax returns annually. Tr. at 41. The Individual became self-employed starting in around 2018 or 2019. *Id.* at 40; Ex. 7 at 37. The Individual testified that he filed his tax returns and paid his tax obligations for tax years 2019 and 2020 while self-employed. Tr. at 41–42.

The Individual, however, failed to file his federal tax returns for tax years 2021, 2022, and 2023; he also failed to file his state tax return for tax year 2023. Ex. 5 at 20.⁵ When asked why he discontinued filing his federal tax returns in 2021, the Individual simply provided that he was in a “bad situation financially” and was operating “under the premise that [he] was going to make a lot of money and that it [his self-employment] was going to be good” Tr. at 15. He also provided that the expenses associated with his self-employment ultimately amounted to a larger amount than expected: “[A] lot of the times I thought I was making a lot of money[,] I had an expense that came up that I had to pay for” such as “material[s]”; “equipment breaking”; “fuel”; or “repairs.” *Id.* at 43. The Individual testified, “I was just so stressed out with money that . . . I was scared . . . and [] just didn't do it [file his tax returns].” *Id.* at 44.

⁵ The Individual could not recall if he had filed his state tax returns for tax years 2021 and 2022. Tr. at 44.

In his February 2025 LOI Response, the Individual estimated that he had a federal tax liability amounting to approximately \$10,000. Ex. 5 at 20. He represented that he “will be setting up a payment plan” to satisfy the tax obligation. *Id.* However, as of the date of the hearing, the Individual had not set up a payment plan nor filed his outstanding federal tax returns. Tr. at 16, 21. At the hearing, the Individual further acknowledged that he could file his tax returns without satisfying his past due tax obligations; however, he continued to not file them since he has “been scared to.” *Id.* at 44–45. The Individual testified that he “[will] get with CPA or an accountant and see what [his] best approach is” for filing his tax returns. *Id.* at 45.

The Individual testified that he had filed his federal 2024 tax return, that his refund of about \$1,100 for tax year 2024 went towards satisfaction of his outstanding tax liability, and that the outstanding tax liability now amounted to “right under [\$]10,000 . . .” *Id.* at 16–17. He testified that, after he filed his 2024 tax return, he received notice from the Internal Revenue Service (IRS) website that his 2024 refund went towards the unsatisfied tax obligation. *Id.* at 21–22. He also indicated that he received a letter from the IRS in the spring of 2025, informing him, again, that his 2024 refund went towards his past due amount. *Id.* at 22. According to his testimony, this letter also gave him a specific balance and the IRS’s contact information to resolve the liability. *Id.* He has not called the IRS. *Id.* at 22–23 (“I haven’t called because I haven’t had enough money . . . to resolve it . . .”). The Individual testified that he is “going to set up a payment plan to get it resolved.” *Id.* at 23.

Regarding his state 2023 tax return, the Individual testified that he “did not prepare [it] at all . . .” *Id.* at 25. From the record, it is unclear if the Individual owes a state tax liability. *Compare id.* at 25–26 (testimony about contacting the state tax authority to set up a “payment plan”) with Ex. 5 at 21 (responding, “Not that I know of” when asked if he owed money for state taxes). The Individual further testified that, when he filed his 2024 state tax return, he was due a refund of about \$400, and that the refund went towards satisfaction of an unspecified tax obligation. Tr. at 17, 23–24.

b. Outstanding Debts Cited in the SSC and Other Financial Information

Regarding his federal credit union debt, the Individual again indicated that “whenever [he] was self-employed . . . [he] thought [he] was making good money”; accordingly, he “went and bought a new truck . . .” using a loan from the federal credit union. *Id.* at 26. The Individual’s credit reports reflect that the account with the federal credit union was opened in January 2021. Ex. A at 5 (October 2025 credit report); Ex. 6 at 25. The Individual testified “it was great for a year” until he “couldn’t afford the truck [any] more . . .” Tr. at 26. An investigator’s notes from an Enhanced Subject Interview conducted with the Individual on August 6, 2024, reflect that the Individual reported “spending a lot of money on his self-employment” resulting in him “not hav[ing] enough to pay his bills.” Ex. 9 at 103. The Individual eventually defaulted on the loan sometime in 2023 and in November 2023 the truck was repossessed. *Id.*; *see also* Ex. A at 5.

The Individual indicated that he and the federal credit union entered into a settlement agreement on an unspecified date after the initiation of a lawsuit in a local courthouse. Ex. 5 at 18; Tr. at 29–30. The Individual explained that the terms of the agreement were that he would pay about \$300 per month until the debt was resolved and that payments were scheduled to start sometime last year in 2024. Tr. at 30–31. The Individual, however, made no payments despite signing this

settlement agreement. *Id.* at 31. He explained that he “wasn’t able to afford it” though at the time of signing the agreement he “thought [he] was going to be able to afford it” *Id.* at 32. The Individual recalled that he received a notice about his noncompliance and nonpayment “about five or six months ago.” *Id.* at 31–32. The Individual testified that he “plan[s] to” or is “going to get the debt resolved.” *Id.* at 27. His October 2025 credit report indicates that the outstanding balance was \$13,750 as of September 2025. Ex. A at 5.

Regarding his credit card debt, the Individual opened the account in February 2019. *Id.* at 8. The Individual appears to have last made payments in December 2023 and discontinued paying thereafter. *Id.* At the hearing, the Individual explained that he “maxed out” his credit card and that the bank “cancelled” the credit card and “sent it [the debt] to collections [because] [he] wasn’t paying it” Tr. at 33. The Individual again attributed his inability to pay to his self-employment. *Id.* at 33–34.

The Individual estimated that a collections agency contacted him about the credit card debt in the fall of 2024. *Id.* at 34–35. The Individual set up a payment plan with the collections agency and gave the agency his debit card number so that they could start taking out automatic payments monthly. *Id.* at 33–34. The Individual estimated that payments were supposed to begin “probably last September [2024].” *Id.* at 35. However, the Individual testified that he has “not had a payment come out of [his] debit card whatsoever” *Id.* at 34. The Individual acknowledged that, despite the automatic payments not being processed monthly, it was possible for him to affirmatively pay the collections agency every month. *Id.* at 46 (“It was possible[,] and . . . I really should have. I messed up.”). The Individual testified that he plans to “get ahold of the creditor” to set up a payment arrangement. *Id.* at 36. The October 2025 credit report reflects that the past due balance was \$4,172 as of September 2025. Ex. A at 8.

The Individual’s October 2025 credit report revealed another past due debt of \$186, originally owed to an insurance company and sent to a collection agency in August 2025. *Id.* at 10. The Individual explained that he owed on an insurance policy because he had “switched over insurances” Tr. at 36–37. The Individual explained that, when he had switched policies, he had unsuccessfully tried to cancel his old policy and “they [the insurance company] still charged me” *Id.* at 37. His plan now is to pay it off in full. *Id.* at 37–38.

The Individual has not attended financial counseling. *Id.* at 38. The Individual testified that he has created a budget for his current expenses but that his budget does not include the payments he will have to make for (1) the debt owed to the federal credit union; (2) the credit card debt owed to the bank; (3) the debt owed to the insurance company; or (4) his past due taxes. *Id.* at 47–48.

V. ANALYSIS

Conditions that could mitigate a security concern under Guideline F include:

- (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 judgment;

- (b) the conditions that resulted in the financial problem were largely beyond the person's control . . . 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 . . . ; 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;
- (f) the affluence resulted from a legal source of income;
- (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.

Adjudicative Guidelines at ¶ 20.

Regarding mitigating condition (a), the behaviors at issue here include (1) ongoing failures to file tax returns for tax years 2021, 2022, and 2023; (2) an ongoing failure to satisfy his federal tax obligations, such that he owes a little less than \$10,000; (3) an outstanding debt of now over \$13,000 owed to a federal credit union that has been in default since 2023; and (4) outstanding credit card debt of about \$4,000 that he last made payments on in December 2023. This behavior spans years given that his first missed tax return filing would have occurred in April 2022, that his federal credit union debt resulted in his truck's repossession in November 2023, that the Individual stopped making credit card payments starting in December 2023, and that all issues remained unresolved as of the date of the hearing in 2025.

I cannot find the behaviors occurred "so long ago" when they continued to be a problem as of the date of the hearing. For the same reason, I cannot find the behavior to be "unlikely to recur" when the issues remained in occurrence as of the date of the hearing and given the fact that, at the hearing, yet another past due financial obligation was discovered on his October 2025 credit report. I also cannot find the behaviors infrequent given the numerous financial issues that have arisen over this multi-year period and given that they have remained unresolved without any meaningful action on the Individual's part.

While I am sympathetic to the Individual's financial stress, the record demonstrates a lack of reliability, trustworthiness, and judgment on the Individual's part. When the IRS reached out to the Individual in the spring of 2025 with contact information on resolving his outstanding tax obligations, the Individual failed to reach out. When the Individual signed a settlement agreement with the federal credit union to pay a monthly amount towards satisfying the debt in 2024, the Individual failed to make payments and failed to respond to the notice of noncompliance he received five or six months ago before the hearing. When the Individual's automatic payments

were not withdrawn towards satisfaction of his credit card debt as expected in September 2024, the Individual failed to reach out to the appropriate points of contact or, better yet, to affirmatively make manual payments. From the above pattern, the Individual has not demonstrated trustworthiness or sound judgment with respect to adhering to the terms of agreements and meeting financial obligations. Mitigating condition (a) does not apply.

Regarding mitigating condition (b), I have some testimony that the conditions that resulted in the Individual's financial problems may have been "beyond his control" given expenses that arose during his self-employment. However, even if I were to credit this explanation—a finding I explicitly decline to make given the lack of evidence as to the specific nature of the expenses—I cannot find that the Individual "acted responsibly." The Individual took some action toward resolving his financial problems insofar as he agreed to payment plans to resolve his federal credit union debt and credit card debt. However, he ultimately failed to make any payments on those plans and has not reached out to the creditors since. Similarly, the Individual has taken no steps to file his outstanding tax returns or to set up a payment plan to satisfy his tax obligations. I simply cannot find the Individual to have "acted responsibly" given his passivity towards these financial issues. Mitigating condition (b) does not apply.

The Individual testified that he has not attended financial counseling, and I cannot find that mitigating condition (c) applies.

Regarding mitigating condition (d), the Individual indicated that he entered into prior payment plans to satisfy the federal credit union debt and the credit card debt; however, he made no actual payments in accordance with either plan. I cannot find that he is "adhering to a good-faith effort to repay" Mitigating condition (d) does not apply.

Regarding mitigating condition (e), the Individual does not challenge the validity of the past-due debts cited in the SSC. Mitigating condition (e) does not apply.

Mitigating condition (f) does not apply, as the SSC raised no concerns regarding unexplained affluence.

Regarding mitigating condition (g), the Individual has not filed his tax returns and has not entered into a payment plan with the IRS to pay any past due federal taxes owed. The Individual was given points of contact to begin resolving these issues but ultimately chose not to reach out. Mitigating condition (g) does not apply.

As such, I find that the Individual has not mitigated the security concerns raised under Guideline F.

VI. CONCLUSION

In the above analysis, I found that there was sufficient derogatory information in the possession of the DOE that raised security concerns under Guideline F of the Adjudicative Guidelines. After considering all the relevant information, favorable and unfavorable, in a comprehensive, common-sense manner, including weighing all the testimony and other evidence presented at the hearing, I find that the Individual has not brought forth sufficient evidence to resolve the security concerns. Accordingly, I have determined that the Individual's access authorization should not be granted. This Decision may be appealed in accordance with the procedures set forth at 10 C.F.R. § 710.28.

Andrew Dam
Administrative Judge
Office of Hearings and Appeals