



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



In the matter of: )  
)  
) ISCR Case No. 24-01778  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Sakeena Farhath, Esq., Department Counsel  
For Applicant: *Pro se*

11/25/2025

**Decision**

Dorsey, Benjamin R., Administrative Judge:

Applicant did not mitigate the financial considerations security concern. Eligibility for access to classified information is denied.

**Statement of the Case**

On January 29, 2025, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F, financial considerations. Applicant responded to the SOR on February 28, 2025 (Answer), and requested a decision based on the written record.

The Government submitted its written file of relevant material (FORM) on August 7, 2025. A complete copy of the FORM was provided to Applicant, along with information advising him that he had 30 days from his date of receipt to make objections to evidence, and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on August 14, 2025. He did not provide a response to the FORM. The case was assigned to me on November 14, 2025. The Government exhibits included in the FORM, marked as Items 1-9, are admitted in evidence without objection.

**Findings of Fact**

Applicant is a 35-year-old employee of a government contractor for which he has worked since July 2023. He earned an undergraduate degree in 2012 and a master's degree in 2017. He is currently taking classes at a state military college. He has been married since 2018. He has no children. (Item 3)

The SOR alleges Applicant owed seven delinquent consumer accounts totaling about \$57,000 (SOR ¶¶ 1.a-1.g). The SOR also alleges that Applicant owed about \$18,799 in delinquent federal taxes for tax year 2021 and 2022, and about \$225 in delinquent state taxes for tax year 2021 (SOR ¶¶ 1.h and 1.i, respectively). In his response to the SOR, he admitted all the SOR debts with additional comments. His admissions are incorporated into the findings of fact. The SOR allegations are established by his admissions and the Government's evidence, including multiple credit reports, IRS account transcripts, and documents from the state taxation authority for State A, where he resides. In the Answer, he claimed that he has made payment arrangements on, or paid, all of the SOR debts. In the Answer and in his responses to DCSA and DOHA interrogatories, he provided documents concerning his resolution of these debts, which I will discuss in further detail below. The Government's credit reports tend to at least partially corroborate his payment arrangement claims with respect to his consumer SOR debts. The IRS and State A tax documents are less compelling. (Items 2, 4-9)

Applicant claimed that he became delinquent on his consumer debts because he was underemployed and unemployed at times following the COVID-19 pandemic. He claimed that he became delinquent on his federal and state taxes for tax year 2021 and 2022 because he was an independent contractor during those tax years and did not save enough of his earnings to pay his tax obligation when it was not automatically deducted from his pay. He claimed that he was unemployed the following year (2023) and therefore could not afford to pay his taxes for the previous two tax years. He claimed that he is now able to meet his financial obligations. In his December 2024 response to DOHA interrogatories, he provided a personal financial statement where he alleged that he is left with a surplus of \$1,364 per month after paying his expenses. It is unclear from this personal financial statement if this document accounts for the payments of all of his SOR delinquencies, especially his delinquent taxes, because in the section listing his debts, he itemized them as "[c]redit [c]ards and [l]oan." (Items 2, 4, 5)

The personal loans listed in SOR ¶¶ 1.a and 1.b, charged off in the approximate amount of \$31,580 and \$13,914, respectively, are being resolved. Applicant provided documents showing that in about December 2023, he engaged the services of a law firm (Law Firm) to help him negotiate payment arrangements with his consumer debt creditors. The documents from the Law Firm show that these debts were enrolled and payments from February 2024 through April 2024 were made on these accounts. While he did not provide a full accounting of all the payments he made pursuant to this payment arrangement, additional Law Firm documents reflect that he last made a payment on the debt in SOR ¶ 1.a in January 2025 and the Government's July 2025 credit report shows a balance of \$10,414 as of May 22, 2025. These same sources reflect that he last made

a payment on the debt in SOR ¶ 1.b in February 2025 and that he had a zero balance on the account. Incongruently, in the Answer, he admitted that his balance on the account in SOR ¶ 1.b was about \$4,074. (Items 2, 4, 5, 6-9)

The credit card listed in SOR ¶ 1.c, charged off in the approximate amount of \$5,205, is being resolved. Documents from the Law Firm show that, in December 2023, Applicant enrolled this account with the Law Firm to negotiate a payment arrangement and make payments on the account. He claimed the Law Firm made a payment arrangement on this account and he has been paying according to its terms. While he did not provide a full accounting of the payments he made pursuant to this payment arrangement, Law Firm documents from the Answer reflect that it last disbursed a payment on this account in January 2025. The Government's July 2025 credit report reflects a balance of \$3,117 as of July 2025. (Items 2, 4, 5, 6-9)

The credit card listed in SOR ¶ 1.d, charged off in the approximate amount of \$3,803, is being resolved. Documents from the Law Firm show that, in December 2023, Applicant enrolled this account with the Law Firm to negotiate a payment arrangement and make payments on the account. The documents from the Law Firm show that this debt was enrolled and payments from January 2024 through April 2024 were made on this account. While he did not provide a document reflecting a full accounting of all the payments he made pursuant to this payment arrangement, additional Law Firm documents reflect that he last made a payment on the debt in SOR ¶ 1.d in February 2025 and the Government's July 2025 credit report shows a balance of \$2,230 as of June 2025. (Items 2, 4, 5, 6-9)

The credit card listed in SOR ¶ 1.e, charged off in the approximate amount of \$1,090, has been resolved. Documents from the Law Firm show that, in December 2023, Applicant enrolled this account with the Law Firm to negotiate a payment arrangement and make payments on the account. The documents from the Law Firm show that this debt was enrolled and payments in April 2024 were made on this account. While he did not provide a document reflecting a full accounting of all the payments he made pursuant to this payment arrangement, the Government's July 2025 credit report shows the account was paid for less than the full balance as of April 2025. (Items 2, 4, 5, 6-9)

The personal loan listed in SOR ¶ 1.f, charged off in the approximate amount of \$727, has not been resolved. Documents from the Law Firm show that, in December 2023, Applicant enrolled this account with the Law Firm to negotiate a payment arrangement and make payments on the account. While the documents from the Law Firm show that this debt was enrolled, he has not provided any documents to corroborate that he has been making payments on this account. In his Answer, he claimed that he would satisfy the debt through a payment arrangement he made with the creditor in February 2025 by the end of March 2025. It is unclear from the record whether he made this alleged payment arrangement through the Law Firm or independent of it. It is also unclear whether he made any payments. (Items 2, 4, 5, 6-9)

The personal loan listed in SOR ¶ 1.g, past due in the approximate amount of \$1,568, has been resolved. In his Answer, Applicant claimed that he satisfied this account on an undisclosed date. The Government's January 2025 and July 2025 credit reports shows the account was paid and had a zero balance. (Items 2, 4, 5, 8, 9)

The delinquent federal taxes for tax years 2021 and 2022 in the approximate amount of \$18,799, have not been resolved. In the Answer, Applicant claimed that he has a payment arrangement with the IRS to pay \$275 monthly until these delinquent federal taxes are paid. He claimed that he will satisfy this debt in about August 2030 and his current balance is \$18,608. He provided a document from the IRS from February 2025 that corroborated the existence of this payment arrangement. He did not provide any documents showing that he has complied with that payment arrangement. Some of the IRS account transcripts that were included as part of the Government's evidence show that Applicant had three separate payment arrangements with the IRS between 2022 and May 2024, but he defaulted on all of those payment arrangements on numerous occasions. (Items 2, 4, 5)

The delinquent state taxes in the approximate amount of \$225.33 for tax year 2021, have not been resolved. Applicant wrote that, beginning in April 2024, he had a payment arrangement with the state taxation authority from State A to pay about \$81 per month until his delinquent state taxes were satisfied. He provided a document from the state taxation authority to corroborate this agreement. A document from the state taxation authority from November 2024 corroborated the \$225.33 balance. He did not provide any documents to show that he has complied with this agreement. In the Answer, he noted that his delinquent state tax balance is now about \$1,993, because he owes an additional \$1,773 in state taxes for tax year 2024. The additional \$1,733 in delinquent state taxes is not alleged in the SOR, so I will not consider it for purposes of disqualification. I will consider it for appropriate purposes, such as in analyzing mitigation and in the whole-person analysis. The total balance that he acknowledged owing in his Answer indicated that he did not make an \$81 payment on this account in January 2025, as would have been required by his payment arrangement. (Items 2, 4, 5)

The July 2025 Government credit report reflects other delinquent accounts not listed in the SOR. There is a credit card listed in the Government's July 2025 credit report that is "seriously past due" with a balance of \$8,950. There is a telecommunications debt that is "seriously past due" in the amount of \$240. There are also accounts not listed in the SOR that were delinquent but were settled. For example, Applicant settled two credit cards that was delinquent for about \$1,600 and \$876, respectively, in April 2024. (Item 9)

## **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 within DOD 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 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.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable in this case:

- (a) inability to satisfy debts;
- (b) 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.

Substantial evidence establishes that Applicant had seven delinquent consumer accounts totaling about \$57,000. He owed about \$18,799 in delinquent federal taxes for tax year 2021 and 2022, and about \$225 in delinquent state taxes for tax year 2021. The above disqualifying conditions are established.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following 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;

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts; and

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

The Appeal Board in ISCR Case No. 10-04641 (App. Bd. Sept. 24, 2013) explained Applicant's responsibility for proving the applicability of mitigating conditions as follows:

Once a concern arises regarding an Applicant's security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. See *Dorfmont v. Brown*, 913 F. 2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. See Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in *Egan, supra*. "Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security." Directive, Enclosure 2 ¶ 2(b).

It is reasonable to expect Applicant to present documentation about the resolution of specific debts. See, e.g., ISCR Case No. 15-03363 at 2 (App. Bd. Oct. 16, 2016). With respect to the accounts in SOR ¶¶ 1.a, 1.b, 1.c, and 1.d, there are documents in evidence from outside sources, such as the Law Firm and the credit reports that corroborate the existence of a payment arrangement and a reduced balance. With respect to the debts listed in SOR ¶¶ 1.e and 1.g, there are documents from the Law Firm showing the existence of a payment arrangement and credit reports reflecting that the account was settled for less than the full amount. As Applicant has provided sufficient evidence that his delinquencies arose because of circumstances largely beyond his control (underemployment and unemployment as a result of the COVID-19 pandemic), and that he acted responsibly and in good-faith by resolving these debts, AG ¶¶ 20(b) and 20(d) are applicable to these SOR allegations.

There are no documents in evidence to corroborate Applicant's payments on the payment arrangement for the debt listed in SOR ¶ 1.f. As such, I do not find that AG ¶¶ 20(b) and 20(d) are applicable to this SOR allegation.

Applicant has not provided sufficient documentation to corroborate resolution of his federal and state tax debts listed in SOR ¶¶ 1.h and 1.i, respectively. He provided no documents showing he made payments pursuant to his most recent payment arrangements with the IRS and the state taxation authority. Record documents tend to show that he did not comply with past payment arrangements he made with these entities, which, in the absence of independent corroboration, calls into question his compliance

with his current payment arrangements. For these reasons, he has not met his burden of persuasion to prove that he acted responsibly or in good faith with respect to his tax delinquencies. He also has not provided sufficient evidence that he is in compliance with the requirements of his payment arrangements with the relevant taxation authorities. AG ¶¶ 20(b), 20(d), and 20(g) are not applicable to the tax delinquencies listed in SOR ¶¶ 1.h and 1.i.

While Applicant is resolving or has resolved several of the SOR debts, he still has a fairly significant federal and state tax debt (including new a state tax debt for tax year 2024), one unresolved consumer debt, and two additional consumer debts not listed in the SOR. His financial delinquencies are ongoing, so I do not find they are unlikely to recur. AG ¶ 20(a) does not apply.

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

Overall, the record evidence, or lack thereof, leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. I conclude Applicant did not mitigate the financial considerations security concern.

### **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-1.e:	For Applicant
Subparagraph 1.f:	Against Applicant
Subparagraph 1.g:	For Applicant
Subparagraphs 1.h and 1.i:	Against Applicant

### **Conclusion**

It is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

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Benjamin R. Dorsey  
Administrative Judge