



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 25-00241

Appearances

For Government: Brian L. Farrell, Esq., Department Counsel

For Applicant: *Pro se*

12/16/2025

Decision

HARVEY, Mark, Administrative Judge:

Guideline F (financial considerations) security concerns are not mitigated. Eligibility for access to classified information is denied.

Statement of the Case

On March 21, 2024, Applicant completed an Electronic Questionnaires for Investigations Processing or security clearance application (SCA). (Government Exhibit (GE) 1) On March 5, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a statement of reasons (SOR) to Applicant under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960); Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive) (January 2, 1992), as amended; and Security Executive Agent Directive 4, establishing in Appendix A, the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AGs), effective June 8, 2017. (Hearing Exhibit (HE) 2)

The SOR detailed reasons why the DCSA did not find under the Directive that it is clearly consistent with the interests of national security to grant or continue a security clearance for Applicant and recommended referral to an administrative judge to determine

whether a clearance should be granted, continued, denied, or revoked. Specifically, the SOR set forth security concerns arising under Guideline F. (HE 2) On April 9, 2025, Applicant provided his response to the SOR. On July 30, 2025, Department Counsel was ready to proceed. On August 12, 2025, the case was assigned to me.

On August 14, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice scheduling the hearing on September 25, 2025. (HE 1) The hearing was held as scheduled using the Microsoft Teams video teleconference system.

During the hearing, Department Counsel offered four exhibits into evidence, Applicant did not provide any exhibits; there were no objections, and all proffered exhibits were admitted into evidence. (Tr. 11, 16-17; GE 1-GE 4) On October 10, 2025, DOHA received a copy of the transcript. Applicant did not provide any documents after the hearing. The record closed on October 27, 2025. (Tr. 49) This decision was delayed when all administrative judges were furloughed from October 1 through November 12, 2025, during a federal government shutdown due to a lapse in federal funding.

Some details were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits and transcript.

Findings of Fact

In Applicant's SOR response, he admitted the SOR allegations in ¶¶ 1.a through 1.i, and 1.n through 1.t. He denied the SOR allegations in SOR ¶¶ 1.m, 1.u, 1.v, and 1.w because he said he paid those debts. (HE 3) He also provided mitigating information. His admissions are accepted as findings of fact.

Department Counsel moved to add SOR ¶ 1.x to the SOR. (Tr. 21) SOR ¶ 1.x alleges Applicant failed to timely file his federal and state M tax returns for tax year (TY) 2024, and as of the date of the hearing, these tax returns remain unfiled. (Tr. 21, 27) Applicant did not object to the changes to the SOR, and I granted the motions. (Tr. 21, 27)

Applicant is a 33-year-old project manager for a DOD contractor. (Tr. 6-7) In 2010, he graduated from high school, and in 2014, he received a bachelor's degree in agriculture and economics. (Tr. 6-7) He has not served in the military. (Tr. 7) He has worked for his current employer or for contractors for his employer for several years. (Tr. 7-8, 35-36, 45-46) He has never married, and he has a seven-year-old daughter. (Tr. 8) He is current on his \$121 monthly child support. (Tr. 9, 43)

Financial Considerations

On his March 21, 2024 SCA, Applicant disclosed one delinquent debt. (GE 1) He disclosed a \$5,434 federal income tax (FIT) debt for tax year 2020, and he said he needs to set up a payment plan for this debt. (GE 1)

Applicant's annual salary is about \$70,000 to \$78,000. (Tr. 31, 33) He had financial problems because he had some periods of unemployment in 2014 through 2017. (Tr. 45-47) He also had periods of underemployment.

The SOR alleges Applicant has 23 delinquent debts totaling about \$52,947. He has 10 debts totaling \$29,129 placed for collection as follows: ¶ 1.a for \$14,857; ¶ 1.b for \$3,920; ¶ 1.c for \$2,430; ¶ 1.d for \$1,761; ¶ 1.e for \$1,664; ¶ 1.f for \$1,324; ¶ 1.g for \$1,229; ¶ 1.h for \$900; ¶ 1.m for \$419; and ¶ 1.u for \$625.

The SOR alleges Applicant has four charged-off debts totaling \$8,058 as follows: ¶ 1.i for \$1,584; ¶ 1.j for \$681; ¶ 1.k for \$188; and ¶ 1.s for \$5,605.

The SOR alleges Applicant has four delinquent debts totaling \$5,975 as follows: ¶ 1.l for \$2,063; ¶ 1.t for \$1,761; ¶ 1.v for \$423; and ¶ 1.w for \$1,188.

Applicant resolved the four debts in SOR ¶¶ 1.m, 1.u, 1.v, and 1.w. (HE 3) On November 7, 2024, the creditor for the debt in SOR ¶ 1.u for \$625 offered to settle the debt for \$450. (HE 3) On June 13, 2025, the creditor wrote that the debt in SOR ¶ 1.u had a zero balance. (HE 3) On May 9, 2025, the creditor for the debt in SOR ¶ 1.v for \$423 wrote that the debt was paid in full and has a zero balance. (HE 3) On June 12, 2025, the creditor for the debt in SOR ¶ 1.w for \$1,188 wrote that the debt was paid in full. (HE 3) I have credited Applicant with payment of the debt in SOR ¶ 1.m for \$419 because he said he paid it in his SOR response. (HE 3)

The SOR alleges Applicant has five delinquent tax debts totaling \$9,785 as follows: ¶ 1.n FIT of \$2,967 for TY 2020; ¶ 1.o FIT of \$1,005 for TY 2022; ¶ 1.p state income taxes (SIT) for state C of \$1,877 for TY 2023; ¶ 1.q SIT for state G of \$1,686 for TY 2023; and ¶ 1.r SIT for state M of \$2,250 for TY 2020. He did not make any payments to address his tax debts. (Tr. 18, 29) For SOR ¶ 1.x, he did not file his FIT and SIT returns for TY 2024, and he may owe taxes for TY 2024. (Tr. 19, 25) He timely filed his TY 2023 FIT return, and he was supposed to receive an \$1,800 refund. (Tr. 22-23) His IRS tax transcript for TY 2020 indicates an \$1,824 FIT refund for TY 2023 was transferred to pay part of his FIT for TY 2020. (Tr. 22-23; GE 2) He intends to pay his tax debts. (Tr. 29)

On December 16, 2024, a creditor offered a payment plan with a balance owed of \$1,251 with a settlement amount of \$1,188, and 23 bi-weekly \$50 payments with the first payment on July 5, 2024. (HE 3) The creditor is not included in the SOR. He is current on his car payment and rent. (Tr. 41) His credit bureau reports (CBRs) show several accounts in pays as agreed or paid status. (GE 3; GE 4)

Applicant currently owes about \$40,000 for 14 of the 18 non-tax SOR debts. (Tr. 37) He has contacted his creditors and intends to arrange payment plans in the future. (Tr. 38) He said he did not act sooner because "[I am] just overwhelmed with debt. I just need to tackle it." (Tr. 38) Applicant explained the reason for not making more progress on his financial issues as follows: "Just more so just procrastination, of getting overwhelmed by all these bills, and coming up with a legitimate plan to tackle it. That's the ultimate, that's pretty much my mindset." (Tr. 27) Another reason for not resolving his

debts is, “just financial constraints, gathering the money, cutting out expenses for other things, and focusing on these debts.” (Tr. 30) Applicant had an opportunity to submit documentation after his hearing showing progress resolving his debts; however, no post-hearing document was received.

Policies

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, “no one has a ‘right’ to a security clearance.” *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). As Commander in Chief, the President has the authority “to control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy” to have access to such information. *Id.* at 527. The President has authorized the Secretary of Defense or his designee to grant applicants eligibility for access to classified information “only upon a finding that it is clearly consistent with the national interest to do so.” Exec. Or. 10865, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with an evaluation of the whole person. An administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available, reliable information about the person, past and present, favorable, and unfavorable.

The Government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. 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 about potential, rather than actual, risk of compromise of classified information. Clearance decisions must be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See Exec. Or. 10865 § 7. Thus, this decision should not be construed to suggest that it is based on any express or implied determination about applicant’s allegiance, loyalty, or patriotism. It is merely an indication the applicant has not met the strict guidelines the President, Secretary of Defense, and Director of National Intelligence have established for issuing a clearance.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. See *Egan*, 484 U.S. at 531. “Substantial evidence” is “more than a scintilla but less than a preponderance.” See *v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria

listed therein and an applicant's security suitability. See ISCR Case No. 95-0611 at 2 (App. Bd. May 2, 1996).

Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his [or her] security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). The burden of disproving a mitigating condition never shifts to the Government. See ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531; see AG ¶ 2(b).

Analysis

Financial Considerations

AG ¶ 18 articulates the security concern for financial problems:

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 Appeal Board explained the scope and rationale for the financial considerations security concern in ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012) (citation omitted) as follows:

This concern is broader than the possibility that an applicant might knowingly compromise classified information to raise money in satisfaction of his or her debts. Rather, it requires a Judge to examine the totality of an applicant's financial history and circumstances. The Judge must consider pertinent evidence regarding the applicant's self-control, judgment, and other qualities essential to protecting the national secrets as well as the vulnerabilities inherent in the circumstances. The Directive presumes a nexus between proven conduct under any of the Guidelines and an applicant's security eligibility.

AG ¶ 19 includes disqualifying conditions that could raise a security concern and may be disqualifying in this case:

(a) inability 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.

The record establishes the disqualifying conditions in AG ¶¶ 19(a), 19(c), and 19(f), requiring additional inquiry about the possible applicability of mitigating conditions. Discussion of the disqualifying condition is contained in the mitigation section, *infra*.

The financial considerations mitigating conditions under AG ¶ 20, which may be applicable in this case, are as follows:

(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.

The Appeal Board in ISCR Case No. 10-04641 at 4 (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).

Applicant had some circumstances partially or fully beyond his control, which adversely affected his finances. He experienced underemployment and unemployment. However, “[e]ven if [an applicant’s] financial difficulties initially arose, in whole or in part, due to circumstances outside his [or her] control, the [administrative judge] could still consider whether [the applicant] has since acted in a reasonable manner when dealing with those financial difficulties.” ISCR Case No. 05-11366 at 4 n.9 (App. Bd. Jan. 12, 2007) (citing ISCR Case No. 03-13096 at 4 (App. Bd. Nov. 29, 2005); ISCR Case No. 99-0462 at 4 (App. Bd. May 25, 2000); ISCR Case No. 99-0012 at 4 (App. Bd. Dec. 1, 1999)). There is insufficient evidence that he acted responsibly under the circumstances. He did not provide sufficient evidence that he maintained contact with his creditors and was making progress after June 2025 on his debts.

Non-tax debts. Applicant resolved the four debts totaling \$2,653 in SOR ¶¶ 1.m for \$419, 1.u for \$623, 1.v for \$423, and 1.w for \$1,188. He has 14 unresolved non-tax debts totaling about \$40,509. He has not made any payments and does not have any established payment plans for the 14 unresolved non-tax debts.

In ADP Case No. 23-00547 at 3 (App. Bd. Apr. 23, 2024), the DOHA Appeal Board said:

[A]n applicant must act responsibly given his or her circumstances and develop a reasonable plan for repayment, accompanied by concomitant conduct even if it may only provide for the payment of debts one at a time. ISCR Case No. 07-06482 at 3 (App. Bd. May 21, 2008). What constitutes responsible behavior depends on the facts of a given case and the fact that an applicant’s debts will not be paid off for a long time, in and of itself, may be of limited security concern. ISCR Case No. 09-08462 at 4. Relevant to the equation is an assessment as to whether an applicant acted responsibly given [his or] her limited resources See, e.g., ISCR Case No. 08-06567 at 3-4 (App. Bd. Oct 29, 2009).

“[U]ntil an applicant has a meaningful financial track record, it cannot be said as a matter of law that he has initiated a good-faith effort to repay overdue creditors or otherwise resolved debts. The phrase ‘meaningful track record’ necessarily includes evidence of actual debt reduction through payment on debts.” ISCR Case No. 22-02226 at 2 (App. Bd. Oct. 27, 2023) (citing ISCR Case No. 05-01920 at 5 (App. Bd. Mar. 1, 2007)).

A security clearance adjudication is not a debt-collection procedure. It is designed to evaluate an applicant's judgment, reliability, and trustworthiness. See ISCR Case No. 09-02160 (App. Bd. Jun. 21, 2010). Applicants are not required "to be debt-free in order to qualify for a security clearance. Rather, all that is required is that an applicant act responsibly given his or her circumstances and develop a reasonable plan for repayment, accompanied by 'concomitant conduct' that is, actions which evidence a serious intent to effectuate the plan." ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017) (denial of security clearance remanded) (citing ISCR Case No. 13-00987 at 3, n. 5 (App. Bd. Aug. 14, 2014)). There is no requirement that an applicant make payments on all delinquent debts simultaneously, nor is there a requirement that the debts alleged in the SOR be paid first. See ISCR Case No. 07-06482 at 2-3 (App. Bd. May 21, 2008).

Applicant has not taken meaningful actions to address 14 of his 18 delinquent SOR non-tax debts. He has not sufficiently demonstrated a good-faith effort to resolve his non-tax debts. His non-tax delinquent debts have occurred under such circumstances that they are likely to continue or recur, and they cast doubt on his current reliability, trustworthiness, and good judgment. There are not clear indications that his financial problems related to his non-tax debts are resolved or being resolved and under control. No mitigating conditions are fully established for the 14 non-tax debts.

FIT and SIT issues. SOR ¶ 1.x alleges Applicant failed to timely file his FIT and SIT returns for TY 2024. He did not provide evidence that he filed those tax returns. There is substantial evidence of the disqualifying condition in AG ¶ 19(f) with respect to this allegation and his failure to address his delinquent FIT and SIT debts.

Applicant has owed delinquent taxes since 2021 (for TY 2020). His current delinquent tax debt is about \$9,785. He did not prove that he was unable to make greater progress sooner in the resolution of his tax issues. Under all the circumstances, and considering the evidence "as a whole," Applicant's failures to file and pay his FITs and SITs and to make more progress addressing his non-tax debts are not mitigated.

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 the 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), “[t]he ultimate determination” of whether to grant a security clearance “must be an overall common-sense judgment based upon careful consideration of the guidelines” and the whole-person concept. My comments under Guideline F are incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under that guideline but some warrant additional comment.

Applicant is a 33-year-old project manager for a DOD contractor. In 2014, he received a bachelor’s degree in agriculture and economics. He has a seven-year-old daughter, and he is current on his \$121 monthly child support responsibilities.

The evidence against grant of a security clearance is detailed in the financial considerations section, *supra*, and this evidence is more substantial than the evidence of mitigation. Applicant did not establish that he was unable to file his 2024 FIT and SIT returns, and he did not establish payment plans to address his tax and some of his 14 non-tax SOR debts. His failure to take timely, prudent, and responsible actions from 2021 (when his TY 2020 FITs were due) to the present raises unmitigated questions about his reliability, trustworthiness, and ability to protect classified information. See AG ¶ 18.

It is well settled that once a concern arises regarding an applicant’s security clearance eligibility, there is a strong presumption against granting a security clearance. See *Dorfmont*, 913 F. 2d at 1401. “[A] favorable clearance decision means that the record discloses no basis for doubt about an applicant’s eligibility for access to classified information.” ISCR Case No. 18-02085 at 7 (App. Bd. Jan. 3, 2020) (citing ISCR Case No.12-00270 at 3 (App. Bd. Jan. 17, 2014)).

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for award of a security clearance in the future. With more effort towards resolution of his financial issues, he may well be able to demonstrate persuasive evidence of his security clearance worthiness.

I have carefully applied the law, as set forth in *Egan*, Exec. Or. 10865, the Directive, the AGs, and the Appeal Board’s jurisprudence to the facts and circumstances in the context of the whole person. Applicant failed to mitigate financial considerations security concerns.

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 1.l:	Against Applicant
Subparagraph 1.m:	For Applicant
Subparagraphs 1.n through 1.t:	Against Applicant
Subparagraphs 1.u through 1.w:	For Applicant
Subparagraph 1.x:	Against Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security to grant or continue Applicant's national security eligibility for access to classified information. Eligibility for access to classified information is denied.

Mark Harvey
Administrative Judge