



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



In the matter of: )  
 )  
 ) ISCR Case No. 24-01301  
 )  
 Applicant for Security Clearance )

**Appearances**

For Government: Troy Nussbaum, Esq., Department Counsel  
For Applicant: *Pro se*

01/30/2026

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**Decision**

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HYAMS, Ross D., Administrative Judge:

Applicant failed to mitigate the financial considerations security concerns arising from her unfiled income tax returns and delinquent debts. Eligibility for access to classified information is denied.

**Statement of the Case**

On September 27, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant answered the SOR on February 23, 2025, and requested a hearing before an administrative judge. The case was assigned to me on August 26, 2025.

The hearing in this case 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.

The hearing convened on December 15, 2025. Department Counsel submitted Government Exhibits (GE) 1-2, which were admitted in evidence without objection. Applicant did not submit any documentation at the hearing. After the hearing concluded,

I held the record open two weeks to allow Applicant to submit documentation. She timely submitted Applicant's exhibits (AE) A-H, which were admitted without objection.

### **Findings of Fact**

Applicant denied SOR ¶¶ 1.g and 1.h, and she admitted the rest of the SOR allegations with explanation. Her admissions are incorporated into the findings of fact. Based on my review of the pleadings, evidence submitted, and testimony, I make the following findings of fact.

Applicant is 39 years old. She has worked as a maintenance technician for a defense contractor for six years. She graduated high school in 2004 and has earned about two years of college credits. (Tr. 15-17; GE 1)

Under Guideline F, the allegations are as follows:

SOR ¶ 1.a alleges Applicant is indebted on an auto loan that was charged off for \$8,372. She purchased the car in about 2016, and in 2021 it was voluntarily repossessed. The debt is the balance owed after the vehicle was resold. She reported she had to obtain another car and could not pay this debt and the newer car loan. This debt is unresolved. (Tr. 17-52; GE 2; AE G)

SOR ¶ 1.b alleges Applicant is indebted on a loan that was charged off for \$2,146. In about 2017, she took this loan to help pay her rent and it was delinquent within a year. She claimed she cannot find the creditor to repay them. This debt is unresolved. (Tr. 17-52; GE 2)

SOR ¶ 1.c alleges Applicant is indebted on an unpaid apartment lease placed for collection for \$1,738. She claimed she reached out to the creditor about 5 months ago. She hopes to address this debt once her car is paid off. This debt is unresolved. (Tr. 17-52; GE 2)

SOR ¶ 1.d alleges Applicant is indebted on a loan that was charged off for \$693. She reported she obtained this loan in 2016. She claimed she made some payments on the loan but did not provide documentation. She claimed she cannot find this creditor but plans to eventually pay them. This debt is unresolved. (Tr. 17-52; GE 2)

SOR ¶ 1.e alleges Applicant is indebted on a utility account that was placed for collection for \$640. She reported the service became expensive, so she switched to another provider. She intends to eventually pay the debt, but it is currently unresolved. (Tr. 17-52; GE 2)

SOR ¶ 1.f alleges Applicant is indebted on a utility account that was placed for collection for \$517. She reported the service became expensive and she was unable to

pay. She claimed she currently is using this service and owes them no debt. She did not provide documentation. This debt is unresolved. (Tr. 17-52; GE 2)

SOR ¶¶ 1.g and 1.h allege Applicant is indebted for two insurance debts placed for collection for \$118 and \$100. She denied these allegations and claimed they were paid. She currently has coverage with this insurance provider and provided evidence of policy payments reflecting her account is current. These debts are resolved. (Tr. 17-52; GE 2; AE D, E)

SOR ¶ 1.i alleges Applicant failed to timely file her 2015-2022 federal income tax returns. She stated she is working with tax professionals to complete them, but the returns remain unfiled. The tax debt owed from these delinquent returns is currently unknown. She claimed the problem started with her 2015 returns because she owed about \$500 and could not pay it, and then the problem compounded. She claimed she filed for tax years 2023 and 2024 and owed small balances for each year, which are now paid. (Tr. 17-52; GE 1; Answer)

SOR ¶ 1.j alleges Applicant failed to timely file her 2015-2022 State A income tax returns. She claimed she is working with tax professionals to complete them, but the returns remain unfiled. The tax debt owed from these returns is currently unknown. She claimed she filed for tax years 2023 and 2024 and has paid the balances owed. (Tr. 17-52; GE 1; AE A, B, C, F)

Applicant submitted a monthly budget showing that she has about a \$1,500 monthly remainder. She also submitted a recent credit report showing no new delinquent debt. (AE G, H)

Applicant stated she lost her mother while she was young, and no one taught her about finances. She has become more financial literate from experience and reading books to educate herself. She wants a better life for herself. (Tr. 46-52)

## 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 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.

This concern is broader than the possibility that an individual might knowingly compromise classified information in order to raise money. It encompasses concerns about an individual's self-control, judgment, and other qualities essential to protecting classified information. An individual who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

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

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

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;
- (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.

SOR ¶¶ 1.g and 1.h are resolved. None of the mitigating conditions apply to the other allegations. Applicant failed to provide sufficient documentation showing that she has acted responsibly regarding her delinquent debts and income tax return filings. Her federal and state income tax returns for tax years 2015-2022 remain unfiled.

While Applicant sincerely intends to resolve her financial issues, future promises to resolve unfiled income tax filings and delinquent debt are insufficient to resolve the security concerns in this case. Applicant must establish a track record of consistent timely income tax filings, debt repayment, and responsible financial behavior.

The Appeal Board has held that an Applicant who waits until their clearance is in jeopardy before resolving debts might be lacking in the judgment expected of those with access to classified information, and that waiting to pay legitimate debts until forced to do so by the security clearance process does not constitute good-faith debt resolution. See ISCR Case No. 15-03208 at 5 (App. Bd. Mar. 7, 2017); ISCR Case No. 10-05909 at 3 (App. Bd. Sep. 27, 2012).

### **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 considered Applicant's service to the government working for a defense contractor. I have incorporated my comments under Guideline F in my whole-person analysis.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility for a security clearance. I conclude that Applicant has not mitigated the financial considerations security concerns. This decision should not be construed as

a determination that Applicant cannot or will not attain the state of reform necessary for eligibility for access to classified information in the future.

### **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.f:	Against Applicant
Subparagraphs 1.g-1.h:	For Applicant
Subparagraphs 1.i-1.j:	Against Applicant

### **Conclusion**

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

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Ross D. Hyams  
Administrative Judge