



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



In the matter of: )  
)  
) ISCR Case No. 25-00142  
)  
Applicant for Security Clearance )

**Appearances**

For Government:  
Cassie Ford, Esquire, Department Counsel

For Applicant:  
*Pro se*

03/04/2026

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**Decision**

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ROSS, Wilford H., Administrative Judge:

Applicant did not mitigate the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

**Statement of the Case**

On March 26, 2025, the Department of Defense (DOD) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. The action was taken 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) implemented by the DOD on June 8, 2017.

Applicant responded to the SOR in writing (Answer) on April 16, 2025, and requested a hearing before an administrative judge. Department Counsel was prepared to proceed on May 29, 2025. The case was assigned to me on September 8, 2025. This case was originally set for a hearing on October 24, 2025. The hearing 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 Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on November 17, 2025. I convened the hearing as scheduled on December 11, 2025. The Government offered Government Exhibits 1 through 4, which were admitted without objection. Applicant testified on his own behalf. He asked that the record remain open until January 9, 2026, for the receipt of additional documentation. He elected not to submit any additional exhibits. DOHA received the transcript of the hearing (Tr.) on December 22, 2025. The record closed on January 9, 2026.

### **Procedural Ruling**

Department Counsel made a motion to amend paragraph 1.a. of the SOR so that it conformed to the evidence submitted during the hearing. (See Directive, Additional Procedural Guidance, paragraph E3.1.17.) Applicant did not object to the amendment. The amended paragraph reads as follows:

You failed to file as required Federal Income Tax Returns for Tax Years 2022 and 2023 and 2024. As of this date, December 11, 2025, the Tax Returns remain unfiled. (Tr. 39-40.)

### **Findings of Fact**

Applicant is 57 years old, married, and has three children. He is employed by a defense contractor as an IT consultant. He began this employment in April 2024. This is his first application for national security eligibility. (Government Exhibit 1 at Sections 13A, 17, 18, and 25; Tr. 6-8.)

## **Paragraph 1 (Guideline F, Financial Considerations)**

The Government alleges in this paragraph that Applicant is ineligible for clearance because he has not fulfilled his financial obligations and therefore is potentially unreliable, untrustworthy, or unable to protect classified or sensitive information. Applicant admitted the single allegation under this guideline.

Applicant has not prepared or filed Federal tax returns for tax years 2022, 2023, and 2024 as of the date of the hearing. According to him, this situation occurred because he left his full-time position in 2022 and was self-employed for two months until starting work with his current employer. During that time his wife sold collectible personal items on eBay to make money. During 2022 she made approximately \$50,000. When Applicant and his wife went to their accountant in 2023 to prepare their Federal tax returns, he recommended that they itemize each item sold to maximize their business deductions. Applicant's wife has been attempting to do this for over two years. Because of their inability to file the 2022 return, they felt unable to file the 2023 and 2024 returns, even though the amount made on eBay was much lower. Applicant had no estimate as to when the tax returns would be filed. Applicant stated that he knew his failure to file tax returns in a timely fashion was a security concern beginning in April 2024. (Government Exhibit 1 at Section 26, Exhibit 2, Exhibit 3; Tr. 16-28, 36-38.)

## **Policies**

When evaluating an applicant's national security eligibility for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines (AG) list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant's national security eligibility.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied 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 applicable guidelines in the context 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, "Any 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. I have not drawn inferences based on mere speculation or conjecture.

Directive ¶ E3.1.14, requires the Government to 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, and has the ultimate burden of persuasion as to obtaining 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 national security eligibility. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to protect or safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation as to potential, rather than actual, risk of compromise of classified or sensitive information. Finally, as emphasized in Section 7 of Executive Order 10865, “Any determination under this order adverse to an applicant shall be a determination in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See *also* Executive Order 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information.)

## **Analysis**

### **Paragraph 1 (Guideline F, Financial Considerations)**

The security concerns relating to the guideline for financial considerations are set out in AG ¶ 18, which reads in pertinent part:

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.

AG ¶ 19 describes one condition that could raise security concerns and may be disqualifying in this case:

(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 has not filed Federal tax returns for tax years 2022, 2023, and 2024. AG ¶ 19(f) applies. The burden thereby shifts to Applicant to mitigate the adverse inference of his failure to file the subject tax returns.

The guideline includes one condition in AG ¶ 20 that could mitigate the security concerns arising from Applicant's alleged financial difficulties:

(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.

Applicant has not filed Federal tax returns for three years. He admitted that he is not now in a position to file the returns and has no idea when the Federal returns can be filed. He presented no mitigating evidence. The cited mitigating condition does not apply. Based on all of the available evidence, Applicant has not mitigated the security concerns of this guideline.

### **Whole-Person Concept**

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for national security eligibility 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 national security 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 pertinent facts and circumstances surrounding this case. Applicant is not currently eligible for national security eligibility because of his failure to file Federal income tax returns. Paragraph 1 is found against Applicant.

### **Formal Findings**

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by ¶ E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F:           AGAINST APPLICANT

Subparagraph 1.a:                   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.

WILFORD H. ROSS  
Administrative Judge