



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



In the matter of:)
)
) ISCR Case No. 25-00282
)
)
Applicant for Security Clearance)

Appearances

For Government: John Renehan, Esq., Department Counsel
For Applicant: *Pro se*

03/30/2026

Decision

LOKEY ANDERSON, Darlene D., Administrative Judge:

Statement of Case

On February 19, 2024, Applicant submitted a security clearance application (e-QIP). On July 10, 2025, the Defense Counterintelligence and Security Agency Consolidated Adjudication Services (DCSA CAS) issued Applicant a Statement of Reasons (SOR), detailing security concerns under Guideline F, Financial Considerations. The action was taken under Executive Order 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended (EO); DoD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AG), effective within the DoD after June 8, 2017.

Applicant answered the SOR on July 25, 2025, and requested a hearing before an administrative judge. The case was assigned to me on November 13, 2025. The Defense Office of Hearings and Appeals issued a notice of hearing on January 6, 2026, and the hearing was convened as scheduled on March 4, 2026. The Government offered four exhibits, referred to as Government Exhibits 1 through 4, which were admitted without objection. Applicant called three witnesses and testified on his own behalf. He offered one exhibit, referred to as Applicant's Exhibit A, which was admitted without objection. (Tr. pp. 68-69.) The record remained open until March 18, 2026, to allow the Applicant the opportunity to submit additional documentation. Applicant submitted four Post-Hearing Exhibits, referred to as Applicant's Post-Hearing Exhibits C through F, which were admitted without objection. DOHA received the transcript of the hearing (Tr.) on March 16, 2026.

Findings of Fact

Applicant is 55 years old, single, and has no children. He has a Master's degree in Business Administration. He holds the position of Lead Management Consultant. He is seeking to obtain a security clearance in connection with his employment.

Guideline F - Financial Considerations

The Government alleged that Applicant is ineligible for a clearance because he made financial decisions that indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which raise questions about his reliability, trustworthiness, and ability to protect classified information.

The SOR identified three allegations: Applicant is indebted to the Federal Government for delinquent taxes in the approximate amount of \$33,516.34 for tax year 2020. He is also indebted to the State of Georgia for delinquent taxes in the approximate amount of \$9,534.44 for tax year 2020; and to the State of California in the approximate amount of \$4,361.25 for tax year 2020. He admitted each of the allegations in the SOR. Applicant's Subject Interview dated April 17, 2025; and Responses to Interrogatories dated December 30, 2024; and May 13, 2025, also confirms the information set forth in the allegations in the SOR. (Government Exhibits 2 and 3.)

Applicant began working for his current employer in 2003. He has held a security clearance since about 1999. His annual salary is about \$188,712. Applicant's most recent Personal Financial Statement reflects that he has sufficient financial resources available for him to pay his delinquent tax debts if he chose to do so. Outside of his salary, Applicant has about \$1,020,000 in stocks and bonds in a retirement account as well as other resources. (Applicant's Exhibit B, and Tr. pp. 69-70.)

Applicant explained that since about 2003, he adopted the bad habit of filing his income tax returns in clumps of several years, rather than filing them one at a time each year as required. He would also maximize his withholdings, so he would always get a refund. Since his mother and his accountant both live out of state, in the same state, he would wait to have his income tax returns done when he would travel to visit his mother. For example, his income tax returns for 2021, 2022, and 2023, were not filed until December 2024, when he visited his mother. (Tr. p. 51.) In December 2020, he sold a rental property he owned in Georgia that he had for 19 years. Since Applicant did not file his returns on time, depreciation on the house was not considered. As a result, Applicant learned from his accountant, through his calculations, that Applicant owed a substantial amount of taxes to the Federal Government; the State of Georgia; and the State of California, for tax year 2020. Applicant stated that he never received a notification or bill from the IRS or from either State tax authority requesting payment. (Tr. p. 42.) He knew that he had to address the tax matters and so he decided to pay the smallest tax debt off first, and then the others. His tax returns for 2020 were not filed until March 2025. (Tr. p. 52.)

In his response to the SOR, Applicant indicated that he already paid in full, inclusive of interest and penalties, the delinquent taxes he owed to the State of California. After paying off the State of California, in about June 2025 he set up payment plans to pay the Federal Government, \$1000 a month, and the State of Georgia, \$300 a month through the auto-pay system. He made three or four payments to each tax authority before the auto-pay system just stopped working. (Tr. p. 86.) Applicant then manually inputted the information into the system, and the payments went through. However, he was notified at some point by the Federal Government that the auto-pay system was not working properly. By October 2025, Applicant knew that he had to address his delinquent taxes some other way, but he said that he was suffering from what he called “task paralysis.” (Tr. p. 59.)

Applicant testified that the Covid pandemic also hindered his income tax filings for tax years 2020, 2021, and 2022, but it was not the main reason for his delay. Applicant suffers from Attention-Deficit/Hyperactivity Disorder (ADHD), that he has struggled with his entire life. He is on prescribed medication for his condition. As he gets older, the medication is adjusted, but his tolerance to the medication has gone up. This neurodevelopmental disorder is characterized by persistent patterns of inattention, hyperactivity, and impulsivity. He explained that at times it is hard for him to get things moving. He stated that he was aware of the tax problem, wanted to fix it, was trying to fix it, but it was difficult for him to fix it on his own, which caused delays and avoidance. However, he does not like to use his medical condition as an excuse. (Tr. p. 60.)

In hindsight Applicant realizes that he was not meeting his legal obligations for filing his income tax returns every year for many years. Since he has had a security clearance for many years, and had never been flagged, he did not think it was a problem. Applicant takes full responsibility for his actions and stated that he will never allow it to happen again. To be more efficient going forward, he realized that he needed to hire a

local accountant to handle his income tax filings. He also had questions on how best to address his delinquent tax indebtedness. He has now hired a local accountant, and rather than follow a structured payment plan, he decided to completely pay off each of his delinquent tax debts for tax year 2020.

A letter from Applicant's new accountant dated March 17, 2026, indicates that on March 4, 2026, Applicant electronically filed his Federal and State income tax returns for tax years 2024, and 2025, no further tax liability was incurred, and they were accepted by both tax authorities. (Applicant's Post-Hearing Exhibit C.)

1.a. On March 16, 2026; and March 18, 2026, Applicant paid off the delinquent tax debt he owed to the Federal Government in the amount of \$30,700.51 for tax year 2020. (Applicant's Post-Hearing Exhibits C, D-1, and D-2.)

1.b. On March 13, 2026, Applicant paid off the delinquent tax debt the owed to the State of Georgia in the amount of \$8,573.43 for tax year 2020. (Applicant's Post-Hearing Exhibits C, E-1, and E-2.)

1.c. Applicant has paid off the tax debt he owed to the State of California in the amount of approximately \$4,361 for tax year 2020. (Tr. pp. 65-66.)

Three witnesses testified on Applicant's behalf, who are all long-time friends and professional associates. Two of them are employed with other defense contractors and possess security clearances. The third witness is Applicant's new accountant. In their collective opinions, Applicant's top quality is his loyalty to his job and to others. He is also known as a top performer who is extremely dedicated to his job. Applicant is described as an individual who holds others to high expectations for quality work and attention to detail. He is said to be open and honest about issues and so he cannot be blackmailed. He models himself with the highest regard and respect for his position and would never do anything outside of his position that would detrimentally effect his position or his life. Applicant is known to be responsible, reliable, and trustworthy. (Tr. pp. 17-31, and 90-101.)

Policies

When evaluating an applicant's suitability for a security clearance, the administrative judge must consider the adjudicative guidelines (AG). 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 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 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." In reaching this decision, I have drawn only those conclusions that are reasonable, logical and based on the evidence contained in the record. Likewise, I have avoided drawing inferences grounded on mere speculation or conjecture.

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 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 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 as to 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. Affluence that cannot be explained by known sources of income is also a security concern insofar as it may result from criminal activity, including espionage.

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

- (a) inability or unwillingness 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.

While gainfully employed and possessing a security clearance, Applicant was not meeting his legal obligations for filing his income tax returns every year as required by law. In 2020, he sold a house he owned and incurred substantial tax liability to the Federal Government and to the States of Georgia and California. The evidence is sufficient to raise the above disqualifying conditions.

The following mitigating conditions under the Financial Considerations guideline are potentially applicable under AG ¶ 20.

- (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, or a death, divorce, or separation), 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
- (f) 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 taken full responsibility for his mistakes. However, there is no acceptable excuse for the bad habit he adopted for many years in clumping his tax filings together for his convenience, and otherwise procrastinating in filing his tax returns, and not paying his delinquent tax debts. He has possessed a security clearance for many years and clearly understands his responsibility to follow all tax laws including the requirement to file income tax returns each year in a timely fashion, and to pay his taxes when they are owed. Only after receiving the SOR and explaining his situation at a DOHA hearing, did he come to the determination that his tax issues are a priority. Following the hearing, he made a good faith effort to correct his wrong, by bringing his income tax return filings current, and by paying and resolving his delinquent tax debts, but this is not enough. Going forward, he must continue to show a pattern of financial responsibility. He must continue to use good judgment, show responsibility, and demonstrate that he is trustworthy. Under the particular facts, Applicant has not fully mitigated the security concerns under Guideline F, Financial Considerations.

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. Applicant received the SOR in July 2025. It was only after the hearing in March 2026, that Applicant filed his income tax returns for tax years 2024 and 2025, and paid the delinquent tax debts he owed to the Federal and State tax authorities for tax year 2020. Applicant has taken a step in the right direction. Now, going forward, he must continue to timely file his annual income tax returns each year and pay his taxes on time. At this time, Applicant falls short of meeting the eligibility requirements for a security clearance because he has not established a pattern of financial responsibility. Running out at the last minute to file his overdue tax returns and pay his delinquent taxes are positive actions but does not demonstrate that he is responsible and trustworthy. Applicant needs more time to show the Government that he can and will follow the laws and demonstrate a pattern of financial

responsibility over time, in order to meet the eligibility requirements for the privilege to properly protect and access classified information.

I considered the potentially disqualifying and mitigating conditions in light of all relevant facts and circumstances surrounding this case. I conclude Applicant has not mitigated the Financial Considerations security concern.

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
Subparagraphs 1.a. through 1.c.	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 eligibility for a security clearance. Eligibility for access to classified information is denied.

Darlene Lokey Anderson
Administrative Judge