



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



In the matter of:)
)
) ISCR Case No. 25-00021
)
Applicant for Security Clearance)

Appearances

For Government: Alison P. O’Connell, Esq., Department Counsel
Carroll J. Connelley, Esq., Department Counsel
For Applicant: *Pro se*

01/21/2026

Decision

HALE, Charles C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is granted.

Statement of the Case

Applicant submitted a security clearance application (SCA) on May 23, 2024. On February 14, 2025, the Department of Defense (DoD) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DoD acted under Executive Order (Exec. Or.) 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) promulgated in Security Executive Agent Directive 4, National Security Adjudicative Guidelines (December 10, 2016).

Applicant answered the SOR on February 28, 2025, and requested a hearing before an administrative judge. Department Counsel was ready to proceed on April 2, 2025, and the case was assigned to me on August 5, 2025. On August 6, 2025, the Defense Office of Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled for October 9, 2025, but that hearing was cancelled due to a lapse in Federal Government funding. The hearing was rescheduled on November 28, 2025, for December 17, 2025. I convened the hearing as scheduled. Government Exhibits (GE) 1 through 10 were admitted in evidence without objection. Applicant testified and offered

Applicant Exhibit (AE) A, which was admitted without objection. AE A were documents included with his Answer.

On December 19, 2025, DOHA was informed the court reporter had failed to record a significant portion of the hearing. DoD Directive 5220.6 (Enclosure 3) E3.1.24 states: A verbatim transcript shall be made of the hearing. The applicant shall be furnished one copy of the transcript, less the exhibits, without cost. In accordance with DoD Directive 5220.6 (Enclosure 3) E3.1.24, a rehearing was scheduled for January 8, 2026. I convened the rehearing as scheduled. Applicant offered AE B, which was admitted without objection. DOHA received the first transcript (Tr.) on December 29, 2025 and the second transcript (Tr2.) on January 20, 2025. The record remained open after the rehearing and Applicant timely submitted AE D on January 15, 2026, and AE C, a character letter, which had been submitted earlier, which were admitted without objection.

Findings of Fact

In Applicant's Answer he admits that for tax years 2010 through 2023 he is indebted to the Federal Government for delinquent taxes in the approximate amount of \$24,000 (SOR ¶ 1.a) and to his state for delinquent taxes in the approximate amount of \$15,000 (SOR ¶ 1.b). He stated both were on a payment plans. He also admitted SOR ¶ 1.c, which alleged a November 2017 Chapter 7 Bankruptcy filing that was discharged in 2018. With his Answer he provided his tax payment plans for both his Federal and state tax debts. (AE A at 5-8.) Based on my review of the pleadings, evidence submitted, and testimony, I make the following findings of fact.

Applicant is 41 years old. He graduated high school in 2001 and has lived in the state in question his whole life. He married in 2017. He has a child of his own and three stepchildren, two of whom are out of the home. He provides financial support for his child. He works two fulltime jobs, one for a school district since 2013 in the evenings as an assistant manager, and during the day since 2023 for his sponsor as an aircraft mechanic helper. He acknowledged that since 2013, he had not experienced any periods of unemployment. (GE 1 at 9; Tr. 16-19; Tr2. 18.)

Applicant's Federal tax payment plan consists of biweekly payments. With his Answer he provided evidence of his payment plan. The payments initially totaled \$420 a month and increased to \$554. He has not missed a payment. (Tr. 28-32; GE 2; AE A.) He owed taxes in tax years 2022 and 2023. (GE 2 at 10, 12.) The Government in response to his testimony during the first hearing requested he show his most recent payment history. At the rehearing he provided his Federal payment history from August 2025 through December 2025. (AE B at 6-9; Tr. 26; Tr2. 12-13.)

Applicant provided his state tax payment plan with his Answer. He originally paid approximately \$200 a month, but that payment increased to \$351 a month. (Tr2. 8-10; AE A; AE B at 15.) He had been challenged by the Government at the initial hearing to provide additional payment history, which he did with AE B. At the rehearing, the Government requested he provide his next payment, which he did in his post-hearing submission. (AE B at 15-17; AE D; Tr2. 8-11.)

Applicant admitted that he filed for Chapter 7 Bankruptcy in 2017, and that it was discharged in 2018. He testified, "I was young and really didn't know the responsibilities of bills. I didn't have nobody guiding me coming up. And when I met my wife, she came together to help me, so she just told me it's best I file bankruptcy and start fresh." He filed for bankruptcy shortly after he met his wife. (Tr. 20; AE D at 3.) In 2022, Applicant took out a \$14,000 personal loan to get his car fixed and resolve some credit card debts. He is current on the loan. He uses automatic payments on his bank account. He is current on his car payment for a 2017 truck. He recently qualified for a mortgage. (GE 9; Tr2. 14-15, 21.) This allegation is resolved in Applicant's favor.

Applicant provided two character letters. His supervisor describes him as a team player, who had made a significant impact on their team's success. His wife in her letter attested to Applicant's "strong commitment to meeting all his financial obligations." Applicant also included his mortgage approval paperwork and testified that he will be moving into his home in the next couple of weeks. It was evident from his testimony he took great pride at having improved his finances to where he qualified for a mortgage and would be a homeowner. The transaction was scheduled for closing a week from the date of the rehearing. The mortgage was solely in his name because his wife had not been in her current job for two years. (AE B; AE C; AE D; Tr2. 15-16.)

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

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 in order 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 conditions is contained in the mitigation section, *infra*.

The financial considerations mitigating conditions under AG ¶ 20 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; 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.

Applicant bears the burdens of production and persuasion in mitigation. The mere existence of a payment arrangement with an appropriate tax authority does not compel a favorable decision under Directive, Encl. 2, App. A ¶ 20(g). See, e.g., ISCR Case No. 17-01213 at 4 (App. Bd. Jun. 29, 2018). An applicant is not held to a standard of perfection in his debt-resolution efforts or required to be debt-free. "Rather, all that is required is that an applicant act responsibly given his 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). See, e.g., ISCR Case No. 13-00987 at 3, n.5 (App. Bd. Aug. 14, 2014). As with the application of any mitigating condition, the judge must examine the record evidence and decide whether the favorable evidence outweighs the unfavorable evidence, or *vice versa*. See ISCR Case No. 17-01807 at 3 (App. Bd. Mar. 7, 2018).

AG ¶ 20(a) is not established for Applicant's delinquent tax debts. These debts were recent, frequent, and were incurred under circumstances making recurrence likely, as evidenced by him owing taxes in tax years 2022 and 2023. AG ¶ 20(a) is established for Applicant's bankruptcy. He has shown he has stabilized his financial situation and has qualified for a mortgage and has become homeowner.

AG ¶ 20(c) is not applicable. While Applicant would have received some financial counseling during the Bankruptcy proceeding, there is insufficient information in the record about the counseling.

AG ¶¶ 20(b), 20(d), and 20(g) are established for the Federal and state tax debts. Applicant provided supporting documentation to demonstrate his good-faith efforts to remedy his significant amount of outstanding taxes, and he is systematically paying his Federal and state tax debts.

Applicant was given a unique opportunity when a portion of the hearing transcription was lost. The Government at the first hearing had challenged him to further show his compliance with his arrangements to both tax authorities, which he did at the rehearing with additional documentary evidence showing his compliance with his Federal and state tax payment plans. He met the Government's request at the rehearing to show an additional payment, which he did with his post-hearing submission.

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 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 Applicant's mortgage paperwork and the evident pride he showed during the hearing of becoming a homeowner demonstrated how far he had come since his Chapter 7 Bankruptcy. His supervisor describes him as a team player, who had made a significant impact on their team's success. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, and

mindful of my obligation to resolve close cases in favor of national security, I conclude Applicant has mitigated the security concerns raised by his Federal and state tax problems and bankruptcy. Accordingly, I conclude he has carried his burden of showing that it is clearly consistent with the national interest to grant him eligibility for access to classified information.

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:	FOR APPLICANT
Subparagraphs 1.a-1.c:	For Applicant

Conclusion

I conclude that it is clearly consistent with the national security interests of the United States to grant Applicant eligibility for access to classified information. Clearance is granted.

Charles C. Hale
Administrative Judge