



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



In the matter of:)
)
) ISCR Case No. 25-00214
)
Applicant for Security Clearance)

Appearances

For Government: William H. Miller, Esq., Department Counsel
For Applicant: *Pro se*

03/24/2026

Decision

BORGSTROM, Eric H., Administrative Judge:

Applicant did not mitigate the security concerns arising from his delinquent debt. Eligibility for access to classified information is denied.

Statement of the Case

On March 5, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). The DCSA acted 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 on June 8, 2017.

In Applicant's May 27, 2025 response to the SOR (Answer), he admitted, with explanation, SOR ¶ 1.c., and he denied SOR ¶¶ 1.a. and 1.b. He attached documentation regarding a tax refund, financial assistance, and a dismissed landlord-tenant civil action. He requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge. (Answer)

On July 16, 2025, the Government was ready to proceed to a hearing. 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. I was assigned this case on December 17, 2025.

On January 12, 2026, a notice was issued scheduling the hearing for January 27, 2026, by video teleconference. The hearing proceeded as scheduled. The Government proffered five evidentiary exhibits, which I admitted as Government Exhibits (GE) 1 through 5, without objection. Applicant testified and submitted one exhibit, which I admitted as Applicant Exhibit (AE) A, without objection. At Applicant's request, I left the record open until February 27, 2026, to provide him an opportunity to supplement the evidentiary record. DOHA received the hearing transcript (Tr.) on February 9, 2026. On March 5, 2026, Applicant submitted an email and two attachments, which I admitted as AE B through D, without objection. The record closed on March 5, 2026.

Findings of Fact

Applicant is 43 years old. He graduated from high school in 2000. He served on active duty in the U.S. Navy from 2000 to 2006, and he earned an honorable discharge. From 2006 to 2008, he served in the Naval Reserve, and he earned an honorable discharge. He was granted a top secret clearance in July 2007 and granted access to sensitive compartmented information (SCI) in September 2012. He has been married since 2003, and he has four children, ages 22, 18, 14, and 13. Currently three children reside with him, his spouse, his mother-in-law, and his sister-in-law. (GE 1; AE A; Tr. 26-30, 40-41)

From November 2020 to July 2025, Applicant was employed full time as a data annotator for a federal contractor, and he earned approximately \$2,500 in monthly take-home pay. He was unemployed about a month. He worked as a security officer from about mid-August 2025 to mid-October 2025. Since mid-October 2025, he has been employed full time as a warehouse associate for a veterans charity.¹ He earns approximately \$3,200 in monthly take-home pay at his current employment. (Tr. 26-33, 88)

On January 16, 2024, Applicant completed and certified an Electronic Questionnaire for Investigations Processing (e-QIP). Under Section 13A – Employment Record, he reported that he was unemployed from January 2020 to October 2020. Under Section 26 – Financial Record, he reported that he had failed to file his federal and state income tax returns for tax year (TY) 2021 (SOR ¶ 1.b.). He estimated that he owed approximately \$1,500 in delinquent taxes; however, he did not identify how much he owed to the Internal Revenue Service (IRS) and the state department of taxation. He also reported that he had owed approximately \$20,358 in delinquent rent (SOR ¶ 1.a.) since

¹ During Applicant's testimony, he explained that he had been terminated from his employment for a federal contractor in July 2025. He believed that he remained sponsored for a clearance by his former employer. Although the Government raised jurisdictional concerns during the hearing, it confirmed Applicant's continued sponsorship by his former employer following the hearing.

December 2019 and that the debt remained “outstanding.” He disputed the amount of the debt and claimed he only owed approximately \$8,000. He attributed his financial delinquencies to a period of unemployment. (GE 1; Tr. 34)

On July 24, 2024, Applicant was interviewed by an authorized investigator on behalf of the Office of Personnel Management (OPM). He clarified his dates of unemployment as December 2019 to November 2020. During the interview, he confirmed that he had not filed his TY 2021 federal and state returns. He confirmed that his period of unemployment contributed to his delinquent rent. As of the interview, he intended to dispute the amount owed, but he had not taken steps nor made any payments. He believed he only owed approximately \$8,000. (GE 2)

In his December 24, 2024 response to DOHA interrogatories, Applicant admitted that the delinquent rent (SOR ¶ 1.a.) remained unpaid. He believed that he owed \$8,000 instead of over \$20,000, and he expressed his intent to dispute the debt. He attached an IRS account transcript for TY 2021, dated December 6, 2024, stating that no tax return had been filed. He also attached a postage receipt, dated December 21, 2024, and included a note that both his federal and state tax returns had been mailed. (GE 4 at 15, 29)

SOR ¶ 1.a. Applicant and his family rented an apartment from March 2018 to March 2022, and he estimated his monthly rent at \$1,537. He initially testified that he stopped paying rent in February 2020, after he became unemployed, and that he had not resumed paying rent before his family moved out in March 2022. He further testified that he received an eviction notice in January 2022 that listed his delinquent rent as \$8,600. When confronted that unpaid rent for two years totaled over \$36,000, he second-guessed whether he failed to pay rent for that entire period. Although he remained uncertain, he did not change his testimony or provide any testimony or documentary evidence establishing any rent payments between February 2020 and March 2022. (Tr. 48-68)

Applicant’s December 2024, January 2025, and January 2026 credit reports list that his rental account was placed for collection in about February 2023 in the approximate amount of \$20,358 (SOR ¶ 1.a.). (GE 3 at 2, GE 4 at 76, GE 5 at 3-4)

In his Answer, Applicant denied the rental debt alleged in SOR ¶ 1.a.:

I’m sure this debt was satisfied by the Emergency Rental Assistance Program (ERAP) of [REDACTED] County along with [Charity]. I did my due diligence to find out our balance by constantly attempting to contact the property owner to get the account number/code required by the ERAP program. All my efforts were to no avail because ownership never contacted me. The Leasing Office was no help either and they would not reach out to ownership on my behalf. I have an email receipt showing [Charity] paid approximately a little over a month of our rent. With that said, I’m attaching court records for the case which shows that the judge dismissed this case with my wife and I being found to owe 0\$. (Answer)

He attached a November 4, 2020 email from Charity showing the organization provided \$2,000 in financial assistance for rent. It is unclear from the email if the financial assistance was paid to Applicant or directly to the landlord. He also attached "Case Information" for a civil court for an action filed by the landlord on March 18, 2022. The case type is listed as "Tenant Holding Over." On May 12, 2022, the case was dismissed and closed without a hearing or adjudication, and amount is listed as \$0 in the docket record. (Answer)

Applicant testified that he received approximately \$2,000 in financial assistance from Charity towards his rent. He also applied to the ERAP for financial assistance. He never received confirmation that his application was approved or how much rental assistance he received. He repeatedly sought further information from the ERAP and the apartment complex to ascertain how much assistance was provided. During the hearing, Applicant acknowledged that the civil court action was based upon the eviction proceeding and not a lawsuit for back rent. He and his family moved out in March 2022, prompting the dismissal of the eviction proceeding. He testified that he used his savings and sold some stock to pay the \$16,000 in closing costs on the purchase of a home in March 2022, and he did not use these resources to pay his delinquent rent. He has not contacted this creditor or made any payments on this debt after moving out in March 2022. He has not taken any steps to pay this debt because he disputed the \$20,358 balance on his credit reports. (Tr. 48-68)

Applicant's post-hearing email noted his ongoing dispute about the amount of the delinquent rent (SOR ¶ 1.a.). He speculated as to bad faith by the apartment owner, but he provided no corroborating evidence. He attached the "Complaint and Summons Against Tenant Holding Over" filed in March 2022. The landlord sought Applicant's eviction and reported the monthly rent as \$2,027. This court action was not a civil action for the unpaid rent. Rather, it sought to remove Applicant from possession of the premises. In February 2026, Applicant filed a petition to seal the court records relating to this eviction action; however, there is no evidence that the petition was granted. Moreover, sealing the records does not resolve the delinquent rent. (AE B-D)

SOR ¶ 1.b. In his e-QIP and during his July 2024 security interview, Applicant admitted that he had not filed his TY 2021 federal and state income tax returns. With his December 2024 response to DOHA interrogatories, he included a postage receipt. With his Answer, Applicant also included a state tax refund notation in his checking account. The \$257 refund was posted on April 14, 2025. Although there is no identifying information as to the account holder or for which tax year the refund is related, Applicant testified that he filed his federal and state returns for TY 2021 and received refunds from both the IRS and the state. He also explained that when he had prepared his TY 2021 tax returns, he had been disappointed by the calculated refund amount (\$1,500), causing him to procrastinate. I found Applicant's testimony that he filed his TY 2021 federal and state returns in December 2024 to be credible. (Answer; Tr. 70-73)

SOR ¶ 1.c. In December 2013, Applicant filed a Chapter 7 bankruptcy petition. In March 2014, the dischargeable debts were discharged. Applicant credibly testified that he filed bankruptcy because he had been fired in June 2013. He was required to complete a financial counseling court to file his bankruptcy petition. (Answer; Tr. 75-76)

At the hearing, Applicant testified that he was unemployed from June 2013 to November 2015. He explained that his military service and his first position as a federal contractor had been physically and mentally taxing. He discussed the rigors of the position, workplace injuries, and a toxic work environment. After he was twice fired from employment, he took time away from work for approximately two years. Since about 2014, he has received a Veterans Administration (VA) benefit (currently \$1,050) based upon a 40 percent disability rating. (Tr. 30-39)

Of note, Applicant's January 2026 credit report lists a new delinquent account, assigned to collection in June 2025 in the approximate amount of \$526. He admitted this delinquent utility bill at the hearing, and he did not intend to pay this debt because he believed that the creditor contributed to its delinquency. (GE 5 at 3-4; Tr. 77-79)

Policies

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(a), 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 sensitive 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 sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive 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. . . .

The guideline notes several conditions that could raise security concerns. The following are potentially applicable in this case:

AG ¶ 19(a) inability to satisfy debts;

AG ¶ 19(b) an unwillingness to satisfy debts regardless of the ability to do so;

AG ¶ 19(c) a history of not meeting financial obligations; and

AG ¶ 19(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's admissions and the documentary evidence establish that Applicant is unwilling or unable to pay his delinquent rent (SOR ¶ 1.a.), that he failed to timely file his state income tax return for TY 2021 (SOR ¶ 1.b.), and that he filed for bankruptcy in 2013 (SOR ¶ 1.c). He has had a history of not meeting his financial obligations. AG ¶¶ 19(a), 19(b), 19(c), and 19(f) apply.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable in this case:

- (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 has 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.

Applicant bears the burdens of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his or her 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).

Applicant provided documentary evidence and testimony regarding his TY 2021 income tax returns. Although his documentary evidence is incomplete, taken with his credible testimony, I find that he filed these returns. AG ¶ 20(g) applies as to SOR ¶ 1.b.

In 2013, Applicant's unemployment resulted in delinquent debt, and his bankruptcy filing in December 2013 was a reasonable response under the circumstances. His bankruptcy discharge in 2014 resulted in a fresh financial start for him. In addition, this bankruptcy is not recent.

Applicant's period of unemployment contributed to his delinquent rent (SOR ¶ 1.a.); however, he has not demonstrated that he has acted responsibly. He testified that he may not have paid rent for over two years, and he admitted that he owed at least \$8,600 in delinquent rent as of January 2022. Back in 2020 and 2021, he took steps to obtain rental assistance from Charity and the ERAP, but he has taken no steps to address and resolve this delinquent debt since moving out in March 2022. To the extent he disputes the delinquent balance, he has taken no steps to file a dispute or legal action to have the balance reduced or confirmed. He repeatedly has expressed his discontent and frustration with the apartment owners. In March 2022, instead of paying the \$8,600 in back rent owed, he used his funds to pay his \$16,000 in closing costs on the purchase of a home. He has not established that he has acted responsibly to address his financial delinquencies. Furthermore, his January 2026 credit report lists a new collection account which Applicant is disinclined to pay because he holds the creditor responsible for the delinquency. None of the financial considerations mitigating conditions apply as to SOR ¶ 1.a.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for access to classified information 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 have incorporated my comments under Guideline F and the factors in AG ¶ 2(d) in this whole-person analysis.

Applicant's periods of unemployment contributed to his 2013 bankruptcy and his more recent delinquent rent; however, he has not taken any steps to address and resolve this delinquent rent debt. His inaction raises concerns as to his financial responsibility, reliability, and judgment. He did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

This decision should not be construed as a determination that Applicant cannot obtain a security clearance in the future. With a track record of payments in accordance with his repayment plan and actions to resolve SOR ¶ 1.a., he may overcome the aforementioned 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
Subparagraph 1.a:	Against Applicant
Subparagraphs 1.b.-1.c.:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is not clearly consistent with the interests of national security to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Eric H. Borgstrom
Administrative Judge