



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



In the matter of: )  
)  
) ISCR Case No. 25-00141  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Cassie Ford, Esq., Department Counsel  
For Applicant: *Pro se*

04/02/2026

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**Decision**

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DORSEY, Benjamin R., Administrative Judge:

Applicant did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

**Statement of the Case**

On February 14, 2025, the Department of War (DOW) issued a Statement of Reasons to Applicant detailing security concerns under Guideline F (financial considerations). Applicant responded to the Statement of Reasons on June 23, 2025, July 1, 2025, and on July 2, 2025, and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). On July 30, 2025, the Government amended the SOR (collectively the Statement of Reasons and the Amended Statement of Reasons will be referred to as the "SOR") and on August 18, 2025, Applicant responded to the SOR Amendment (collectively the June 23, July 1, July 2, 2025 and August 18, 2025 responses will be referred to as the "Answer") The case was assigned to me on January 29, 2026.

The hearing was convened as scheduled on February 26, 2026, over the Microsoft Teams online network. Government Exhibits (GE) 1 through 9 and Applicant Exhibits (AE) A through F were admitted in evidence, without objection. On the Government's motion, and without objection, I marked the Government's July 30, 2025

disclosure letter as Hearing Exhibit (HE) 1 and the Government's exhibit list as HE 2. DOHA received a transcript of the hearing (Tr.) on March 6, 2026.

### **Findings of Fact**

Applicant is a 56-year-old employee of a government contractor for whom he has worked since February 2024. He has been consistently employed by federal contractors since 2009. He has been married since 1995. He has three adult children, ages 30, 28, and 26. He earned a high school equivalency diploma and a certificate that he believes is the equivalent of an associate degree in 1989. (Tr. 26-29; GE 1-3, 8)

In the SOR, the Government alleged that Applicant did not timely file his State A income tax return for tax year (TY) 2018, as required (SOR ¶ 1.b) (The Government withdrew SOR ¶ 1.a in the SOR Amendment). It alleged that he owed delinquent federal taxes for the amounts: \$8,717 for TY 2023 (SOR ¶ 1.c); \$10,064 for TY 2022 (SOR ¶ 1.d); \$7,751 for TY 2021 (SOR ¶ 1.e); \$10,468 for TY 2020 (SOR ¶ 1.f); \$16,609 for TY 2019 (SOR ¶ 1.g); \$8,711 for TY 2018 (SOR ¶ 1.h); \$26,343 for TY 2016 (SOR ¶ 1.i); \$3,494 for TY 2015 (SOR ¶ 1.j); and \$9,889 for TY 2014 (SOR ¶ 1.k). It also alleged that he filed a petition in Chapter 7 bankruptcy in 2002 that was discharged in 2003 (SOR ¶ 1.l) and a petition in Chapter 13 bankruptcy in 2010 that was discharged in 2015 (SOR ¶ 1.m). Finally, it alleged that he owed three credit cards that were either charged off or placed for collection in the amounts of \$1,480 (SOR ¶ 1.n), \$1,044 (SOR ¶ 1.o), and \$227 (SOR ¶ 1.p). In the several iterations of the Answer, Applicant has been inconsistent about which SOR allegations he admitted and which he denied. Regardless, the SOR allegations are established by either his admissions or the Government's evidence. His federal tax delinquencies total about \$102,000. (SOR; Answer, GE 1-9)

Applicant filed the petition in Chapter 7 bankruptcy in 2002 because he and his wife wanted her to stay home with their youngest child and were "raking up debt." He testified that prior to filing the Chapter 7 bankruptcy, he worked with a non-profit credit counselor and brought their credit-card balances down to zero but then incurred debt again. When they tried to use the same credit-counseling service, it was no longer in business, so they filed Chapter 7 bankruptcy. He filed a Chapter 13 bankruptcy in 2010 because they were on a single income and could not cover their expenses. In 2002 and 2010, he received the credit counseling that was a prerequisite for filing a bankruptcy petition. Applicant noted that his previous bankruptcy filings ended about 23 and 11 years ago, respectively. He also noted that his latest bankruptcy was a Chapter 13 that he "paid in full." He claimed that he has no intention of filing bankruptcy again. (Tr. 58-62, 79; Answer; GE 4, 5)

Applicant claimed that his tax issues started in about 2014 when his children reached the age where he could no longer claim them as dependents for purposes of a tax exemption. He did not increase his tax withholdings to adjust for the increased taxable income. In about 2016, his father-in-law passed away and left his wife an

inheritance. During the May 14, 2024 security interview (SI), he told the DOW investigator that the inheritance consisted of about \$120,000 in cash and half of the proceeds of a home. He testified that she inherited about \$100,000. This inheritance had tax implications that they did not handle appropriately. At about this time, his children were graduating from high school, which resulted in increased expenses of paying for the undergraduate education. He also left it to his wife to handle the finances, including their tax obligations, as she was not working as much, and he worked full time. In about 2016, they stopped working with a certified public accountant (CPA) they had used in the past, because his wife stopped working a job where she was "1099 employee." He acknowledged that he did not monitor their finances closely enough. He thought that she had made payment arrangements on their delinquent taxes and assumed the taxes had been paid when the deductions on those arrangements stopped being debited from their bank account. Instead, he claimed, the payment arrangements and debits stopped because he incurred additional federal tax debt through subsequent federal income tax return filings. He also acknowledged that IRS payment arrangements terminate when payments are missed. (Tr. 22-23, 35-56, 81-85; Answer; GE 1-3, 8)

An IRS transcript for TY 2023 reflects the delinquent balance alleged in the SOR with a payment arrangement established in June 2024. IRS transcripts for TYs 2022, 2021, 2020, 2019, and 2018 reflect the delinquent balances alleged in the SOR with a payment arrangement with the IRS established in February 2024. An IRS transcript for TY 2016 reflects the SOR balance, with payment arrangements from the IRS established from August 2017 until July 2018, and in February 2024 for an unknown duration. An IRS transcript for TY 2015 reflects the SOR balance, with payment arrangements with the IRS from August 2017 until July 2018, and in February 2024. An IRS transcript for TY 2014 reflects the SOR balance, with payment arrangements with the IRS established from June 2014 until August 2016, from August 2017 until July 2018, and in February 2024. Applicant testified that the February 2024 IRS payment plan called for about \$1,100 per month, but they never made a payment because the payment plan terminated. He testified that his first payment arrangement for tax year 2014 was for about \$100 per month. (Tr. 35-56; Answer; GE 2, 3)

Applicant filed his State A TY 2018 income tax return after the issuance of the SOR. He claimed that he attempted to remedy his failure to file this income tax return after he received Defense Counterintelligence and Security Agency (DCSA) interrogatories in July 2024, but he misinterpreted the meaning of State A reporting that no transcript for that TY was available. He thought it meant that State A had lost their record of his TY income tax filing. Instead, the lack of a transcript meant that he had not filed his State A TY 2018 income tax return. As a result of his eventually filing this State A tax return, it was determined that he owed State A about \$885 in delinquent state taxes for TY 2018. He provided documents showing that he entered into a payment arrangement with State A for his 2018 delinquent state taxes whereby he will pay nine \$100 per month beginning on March 15, 2026, with a final payment of about \$32 in order to satisfy his approximately \$885 state delinquent tax balance for tax year 2018.

He testified that he set this payment arrangement up the day before the hearing. (Tr. 29-35; Answer; GE 3, 8; AE E)

Applicant provided a November 18, 2024 personal financial statement (PFS) with his responses to DCSA interrogatories. He claimed that he had a monthly net remainder of \$912 after paying his expenses. Some of his larger monthly expenses are a mortgage payment of \$3,033 and monthly car expenses totaling \$1,627. He did not include any tax payments to the IRS or State A as part of his expenses. He testified that he does not save \$912 per month because “something always comes up,” such as car and house maintenance and helping their children. He testified that he has about \$3,000 in his checking account and no savings account. He testified that he has created a rough income and expense spreadsheet over the past year or two, gives it to his wife, and asks her to try to stay within that budget. His wife is still handling the expenses, but he claims he is doing more oversight. He tried to follow the “Dave Ramsey” method of budgeting, but it did not work because they found it “difficult to live by cash.” He claimed that his overall financial situation is improving. He claimed he is going to try to reduce his expenses so that he can pay more toward his delinquent federal taxes. (Tr. 70-78, 84-85; GE 3)

In June 2025, Applicant engaged the services of a tax attorney. He acknowledged that he hired this tax attorney “in response to this adverse process.” Applicant testified and provided documents corroborating that, on September 4, 2025, he made a payment arrangement with the IRS of \$500 per month beginning on October 15, 2025, that includes his tax delinquencies from tax years 2014 through 2023, but not 2017. These monthly payments will increase to \$2,900 in October 2026. He provided documents showing that he is current on his payment plan with the IRS as of January 2026. (Tr. 38-39, 46, 77-80; Answer; AE A, C)

While it is not alleged in the SOR, Applicant filed his federal income tax returns for TYs 2020, 2021, and 2022 in 2024. He did not provide evidence that he was not required to timely file his income tax returns for those TYs. He timely filed his federal income tax returns for TY 2024 and does not have a federal tax balance for that TY. He increased his paycheck withholdings for that TY and has continued those increased withholdings. (Tr. 52-56; Answer; GE 3)

The credit card charged off in the approximate amount of \$1,480 listed in SOR ¶ 1.n has not been resolved. After receiving the DCSA’s interrogatories in July 2024, Applicant made a payment arrangement on this account in October 2024, whereby he was to make 12 monthly payments of about \$148 to settle this account for less than the full balance. The last payment on this account was scheduled for September 28, 2025. The February 2026 credit report reflects a last payment date of May 28, 2025, with an outstanding balance of \$592. He acknowledged that he did not complete the payment plan because his credit card account information from which the automatic payments were made changed and he did not update the payment information. (Tr. 62-67; Answer; GE 3, 6-9)

The credit card charged off in the approximate amount of \$1,044 listed in SOR ¶ 1.o has not been resolved. Applicant claimed that, shortly after the SI, he contacted the creditor and its loan servicer, but they could not locate his account, so he assumed the account was paid off. He claimed that he used the credit card to pay a veterinarian bill, but the veterinarian is no longer in business. The February 2026 credit report reflects a balance of \$826 with a last payment date of July 2025. The account does not appear on the January 2025 credit report but does appear on the April 2024 credit report with the balance alleged in the SOR. (Tr. 67-69; Answer; GE 3, 6-9)

The credit card placed for collection in the approximate amount of \$227 listed in SOR ¶ 1.p has not been resolved. Applicant claimed that he paid this account in full prior to the issuance of the SOR. However, the document he provided to substantiate that claim reflects that, in October 2024, he satisfied a different credit-card account not alleged in the SOR with an unknown balance for an unknown amount. (Tr. 69-70; Answer; GE 3, 6-9)

While it is not alleged in the SOR, Applicant's February 2026, January 2025, and April 2024 credit reports reflect that he has several accounts that are between 30 and 90 days past due. One of these accounts is a mortgage account that was 30 or 60 days past due in the approximate amount of \$3,900 according to the February 2026 credit report. Another is an auto loan past due in the approximate amount of \$1,115 according to that same credit report. He provided a document from this auto-loan creditor showing that he has arranged to make eight monthly catch-up payments of about \$813 from January 2026 until August 2026. Beginning in September 2026, his payments will revert to his normal monthly payment of about \$654. He did not provide a document showing that he made the January 2026 payment. He testified that his wife discovered that they were about \$1,000 behind on this account a couple of weeks before the hearing. (Tr. 70-71, 81-85; Answer; GE 6-9; AE F)

Applicant provided a document that reflected that he has about \$411,000 in an employee stock ownership plan (ESOP). He indicated that this balance shows his financial stability. During the SI, he told the DOW investigator that he planned on using funds from his ESOP to pay his delinquent taxes. However, he testified that because he left the employer holding the ESOP to take a job with his current employer, he has to wait another four years to access the money in the ESOP. (Tr. 56-58; Answer; GE 8; AE B)

Applicant provided letters from a pastor at his church and a current and former work colleague. His current and former work colleague both believe that he is trustworthy, reliable, professional, and excellent at his job. They do not reference the information in the SOR or the specifics of Applicant's financial issues. His pastor noted that Applicant is a key leader of their church and a man of character and integrity. His pastor finds him to be truthful, honest and trustworthy. His pastor wrote, "[w]hile I cannot speak directly to [Applicant's] financial history, I can say that he was open and honest

with me when discussing the situation at hand . . . .” All three writers opined that he should retain his security clearance. (Answer)

## **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.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable 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.

Applicant did not timely file his State A income tax return for TY 2018, as required. He owes a combined total of approximately \$102,000 in delinquent federal taxes for TYs 2014, 2015, 2016, 2018, 2019, 2020, 2021, 2022, and 2023. He has twice filed for bankruptcy protection and received bankruptcy discharges. He has three delinquent consumer accounts totaling about \$2,500. The above-referenced disqualifying conditions are established.

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;

(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;

(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.

Failure to comply with tax laws suggests that an applicant has a problem with abiding by well-established government rules and systems. Voluntary compliance with rules and systems is essential for protecting classified information. *See, e.g.*, ISCR Case No. 16-01726 at 5 (App. Bd. Feb. 28, 2018). A person who fails repeatedly to fulfill his or her legal obligations, such as filing tax returns and paying taxes when due, does not demonstrate the high degree of good judgment and reliability required of those granted access to classified information. *See, e.g.*, ISCR Case No. 17-01382 at 4 (App. Bd. May 16, 2018).

Applicant has the burden of proof to show evidence in mitigation. He began having federal tax delinquencies over a decade ago. While the evidence shows that he hired a tax attorney in June 2025, and he has complied with a payment arrangement with the IRS that began in October 2025, he has made and defaulted on payment arrangements with the IRS on multiple occasions in the past. His required monthly payment increases dramatically from \$500 to \$2,900 in October of this year. Given his past defaults on IRS payment arrangements, his limited budget surplus as outlined in the PFS, and his delinquencies on his mortgage and auto loan, I have doubts that he

will be able to afford to make his IRS payments after that increase. Moreover, considering his consistent and prolonged history of financial difficulties, including his bankruptcies, his failure to comply with his tax obligations, his unresolved SOR consumer debts, his additional delinquencies, and his willingness to allow his wife to continue to handle their expenses, I do not find that his financial issues were so long ago, infrequent, or happened under circumstances that they are unlikely to recur. AG ¶ 20(a) does not apply.

Applicant has not provided evidence that the conditions that resulted in the financial problems were largely beyond his control. Instead, the evidence shows that the conditions that resulted in the financial problems were his consistent and prolonged lack of oversight over his federal and state tax obligations and his consistent and prolonged spending beyond his means. AG ¶ 20(b) does not apply.

Applicant received credit counseling from legitimate and credible sources. However, after the credit counseling, he continued to have financial problems, and, as I indicated in my analysis under AG ¶ 20(a), there are not clear indications that the problem is resolved or under control. AG ¶ 20(c) does not apply.

For AG ¶ 20(d) to apply, Applicant must show that he initiated and adhered to an effort to repay creditors or otherwise resolve debts, and that he acted in good faith. With respect to his federal and state tax debt, the only repayment efforts he made that he is currently adhering to are his IRS and State A payment arrangements that he made in September 2025, and a couple of days before the hearing, respectively. He filed his 2018 State A tax return after the issuance of the SOR. He first attempted to resolve the issue (unsuccessfully) after he received DCSA interrogatories. The timing of his resolution efforts is an important consideration in determining whether he made these efforts in good faith. He also admitted that he hired the tax attorney in response to this adverse process. Resolution efforts taken only after a security clearance is in jeopardy are viewed with skepticism, as they suggest the motivation is to protect security clearance eligibility.

Applicant provided insufficient evidence that he has resolved or is currently adhering to an effort to repay the creditors in SOR ¶¶ 1.n, 1.o, and 1.p. Instead, he provided evidence that he defaulted on a payment arrangement for the account in SOR ¶ 1.n, that he assumed the account in SOR ¶ 1.o was paid when he claimed the creditor could not locate the account, and that he paid a non-SOR debt believing it was the debt in SOR ¶ 1.p. AG ¶ 20(d) does not apply.

Applicant does not dispute his tax liability or that he filed his 2018 State A income tax return late. He does not dispute that he received two bankruptcy discharges or that he owed the debt in SOR ¶ 1.n. He arguably disputes that he owes the debts in SOR ¶¶ 1.o and 1.p. because he claimed he paid them. However, while having paid a debt is a reasonable basis to dispute a debt, assuming a debt is paid off after the creditor states over the phone that they cannot locate the debt, without obtaining a document to that

effect, does not meet the remaining requirements of AG ¶ 20(e). Moreover, paying off the wrong debt is not a reasonable basis to dispute the debt in SOR ¶ 1.p. AG ¶ 20(e) does not apply.

Applicant has filed his TY 2018 income tax return with State A. He made and is complying with a payment arrangement for his delinquent taxes with the IRS and with State A. AG ¶ 20(g) applies. However, for the reasons I enumerated in my mitigation analysis about the timing of his resolution efforts, his past failed IRS payment arrangements, and the lack of evidence that Applicant has the resources to continue to comply with the terms of his IRS payment arrangement when his monthly payment vastly increases, the application of AG ¶ 20(g) is insufficient to remove my concerns regarding his judgment, trustworthiness, and reliability.

### **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 have incorporated my comments under Guideline F in my whole-person analysis. I have considered his positive character references. Overall, his long-term failure to meet his financial obligations, his lack of oversight of his financial situation, and the timing of his resolution efforts leave me with doubts about his judgment and reliability. I conclude Applicant did not mitigate the financial considerations security 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:  
Subparagraphs 1.b-1.p:

Withdrawn  
Against Applicant

### **Conclusion**

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

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Benjamin R. Dorsey  
Administrative Judge