



DEPARTMENT OF WAR  
DEFENSE OFFICE OF HEARINGS AND APPEALS



In the matter of: )  
)  
) ISCR Case No. 25-01118  
)  
Applicant for Security Clearance )

**Appearances**

For Government: Andre Gregorian, Esq., Department Counsel  
For Applicant: *Pro se*

04/28/2026

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**Decision**

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NAGEL, Jeff A., Administrative Judge:

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

**Statement of the Case**

Applicant submitted his latest security clearance application (SCA) on March 14, 2024, in connection with his employment in the defense industry. On November 21, 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 action was taken under Executive Order 10865, *Safeguarding Classified Information Within Industry* (February 20, 1960), as amended; Department of Defense Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) effective within the Department of Defense on June 8, 2017.

Applicant answered the SOR in writing (Answer) on December 12, 2025, and requested a hearing before an administrative judge. The department counsel was prepared to proceed on March 5, 2026. The Defense Office of Hearings and Appeals (DOHA) issued a Notice of Hearing on March 23, 2026.

The case was assigned to me on March 10, 2026. I convened the hearing as scheduled on April 14, 2026. The Government called no witnesses and submitted Government Exhibits (GE's) 1 through 4, which I admitted into evidence without objection.

Applicant testified on his own behalf, called no witnesses, and requested that the record remain open until April 22, 2026, to provide post-hearing exhibits. Applicant provided a payment agreement with the Internal Revenue Service (IRS) he had entered into after the Hearing, as well as a payment schedule. I marked his submission as Applicant Exhibit (AE) A and admitted it into evidence without objection. DOHA received the electronic transcript of the hearing (TR) on April 23, 2026.

### **Findings of Fact**

Applicant is a 57-year-old employee of a defense contractor. He is a divorcee and has two adult children. Even though Applicant is divorced, he still lives with his ex-wife, and they share many joint expenses. Applicant has a Bachelor of Science degree in Marketing and has worked for his current employer since 2018. Applicant is a field specialist and does IT support and works a part-time job for a local school district. Applicant was previously granted a security clearance in March of 2020. (Tr. at 8, 22, 23, 27, 28, GE 2)

At the Hearing, the Government withdrew allegation 1.e.; which concerned the failure to file Colorado state tax returns. The remaining allegations in the SOR allege that Applicant failed to file his federal income tax returns for tax years 2013, 2014 and 2020 and that he is in debt to the Federal Government for delinquent taxes in the approximate amount of \$11,300, covering tax years 2022-2024. Applicant admitted to the remaining allegations as well as that he knew, given his security clearance history, that failing to file his tax returns or failing to pay his taxes could jeopardize his clearance. (Tr. at 9 ,29)

Applicant's financial problems date back to when he purchased a family home that he could not afford. He ended up selling this home in 2013 which is really what "got the ball rolling" because he no longer had the homeownership write-off, and he was living beyond his means. For several years Applicant had not had the appropriate amount of taxes withheld from his pay and as a result he owed taxes each of those years. Applicant subsequently modified his deductions so as to not have the same problem. (Tr. at 32, 33, 36, GE 3)

Applicant testified:

When I had the house, prior to selling, I was doing my taxes, because I did have it as a write-off at that point. So, it was beneficial to do that. But, what really hurt me with my taxes was, once we left the house, it was no longer a deduction for me. So, that's where the tax really hit me, was at that point. So, yeah. 2013, we sold the house, and you listed, I think, 2013 was the time when I hadn't done my taxes, which is quite possible. (Tr. at 33)

Applicant has filed his Federal Tax Returns of 2025 and believes he will be receiving a refund of \$513 which he expected to apply towards what he owes the IRS. While Applicant was preparing for the Hearing he went onto the IRS website and saw that

the amount he owes them has increased due to interest and penalties and now stands at \$12,260. When questioned about this by the Administrative Judge, Applicant admitted that he has not made payment arrangements or paid on them in years. (Tr. at 38-40)

Department Counsel asked Applicant if he had any documentation showing that he had filed his Federal Tax Returns for 2013, 2014, and 2020. Applicant testified "I could. I'd have to look. I'd have to look. Yeah. I'd have to -- I do have a lot of hard copies laying around. I'd have to see if I still have stuff from when I met with the Agent. So, yeah. It's just a matter of gathering stuff up." (Tr. at 38)

After the Hearing Applicant entered into a payment schedule with the IRS. The documentation Applicant provided shows that between April 30, 2026, and August 28, 2026, he will be paying the IRS \$2,147 of the \$12,260 he admitted he owed in unpaid taxes. (Tr. at 39, AE A)

### **SOR Allegations:**

1.a. Applicant failed to file timely, as required, Federal income tax returns for at least tax years 2013, 2014, and 2020. Applicant admitted to this and has still not filed them. (Tr. at 46)

1.b. Applicant is indebted to the Federal Government for delinquent taxes in the amount of \$4,691.53 for tax year 2022. Applicant admitted to this and established a payment schedule with the IRS to pay off a portion of his tax debt. (Tr. at 46, AE A)

1.c. Applicant is indebted to the Federal Government for delinquent taxes in the amount of \$5,310.78 for tax year 2023. Applicant admitted to this and established a payment schedule with the IRS to pay off a portion of his tax debt. (Tr. at 46, AE A)

1.d. Applicant is indebted to the Federal Government for delinquent taxes in the amount of \$1,343.30 for tax year 2024. Applicant admitted to this and established a payment schedule with the IRS to pay off a portion of his tax debt. (Tr. at 46, AE A)

### **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 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 is potentially applicable 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 did not file and/or pay numerous years of Federal Taxes and still has not resolved his tax issues. AG ¶ 19(f) is applicable.

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; 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 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 does not have a track record that would enable me to find that his tax problems will be resolved within a reasonable period. He did not act responsibly under the circumstances. Establishing a payment schedule with the IRS post-hearing, to pay off a fraction of what he owes, does not amount to making a good-faith effort to pay his taxes. His tax issues have occurred over years and are recent and ongoing. They continue to cast doubt on his current reliability, trustworthiness, and good judgment. None of the mitigating conditions are sufficiently applicable to mitigate financial considerations security concerns.

## **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.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. 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
Subparagraphs 1.a – 1.d:	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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Jeff A. Nagel  
Administrative Judge