



**DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:)
)
) ISCR Case No. 25-01473
)
Applicant for Security Clearance)

Appearances

For Government: Tovah Minster, Esq., Department Counsel
For Applicant: *Pro se*

05/29/2026

Decision

HOGAN, Erin C., Administrative Judge:

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

Statement of the Case

Applicant submitted a security clearance application (SCA) on May 11, 2024. On November 20, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DCSA acted under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; Department of Defense (DOD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG) implemented by the DOD on June 8, 2017.

Applicant answered the SOR on December 31, 2025, and requested a decision based on the written record in lieu of a hearing. On January 22, 2026, the Government sent Applicant a complete copy of its written case, a file of relevant material (FORM), including pleadings and evidentiary documents identified as Items 1 through 7. Applicant was given an opportunity to submit a documentary response setting forth objections, rebuttal, extenuation, mitigation, or explanation to the Government's evidence. He

received the FORM on February 11, 2026, but did not submit documents in response to the FORM. The case was assigned to me on May 1, 2026.

Evidentiary Matters

Items 1 and 2 contain the pleadings in the case. Items 3 through 7 are admitted into evidence.

Some details in the decision were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits.

Findings of Fact

In his response to the SOR, Applicant admits to all of the allegations. (Item 2)

Applicant, age 27, is seeking a security clearance as an employee of a DOD contractor with whom he has been employed since December 2023. This is his first time applying for a security clearance. He has no military service. He has a high school diploma. He is single. (Item 3)

The SOR alleged that Applicant failed to file his federal income tax returns for tax years 2021, 2022, and 2023. (SOR ¶ 1.a: Item 4 at 17-19); and that he failed to file his state income tax returns for tax years 2021, 2022, and 2023 (SOR ¶ 1.b: Item 3 at 31). The SOR also alleged that he owed the following debts: an \$11,245 delinquent account that was charged off (SOR ¶ 1.c: Item 4 at 5; Item 5 at 2; Item 6 at 2); a \$4,735 account that was charged-off (SOR ¶ 1.d: Item 4 at 5; Item 5 at 2; Item 6 at 2; Item 7 at 2); a \$1,697 account that was placed for collection (SOR ¶ 1.e: Item 4 at 7; Item 5 at 3); an \$820 cell phone account that was placed for collection (SOR ¶ 1.f: Item 4 at 6; Item 5 at 3; Item 6 at 2; Item 7 at 2); a \$349 delinquent credit card account that was placed for collection (SOR ¶ 1.g: Item 4 at 6; Item 5 at 3; Item 6 at 2; Item 7 at 3); and a \$306 delinquent insurance account that was placed for collection (SOR ¶ 1.h: Item 4 at 6; Item 5 at 3; and Item 7 at 3).

In response to DOHA Interrogatories dated August 13, 2025, Applicant indicated that his family relies on his income to get by. He has been unable to make payments towards his debts because of the support he provides to his family as well as the cost of living. He needs a security clearance to keep his job. If he is given a security clearance, he would be able to keep his job and be able to make a plan to pay off his debts. Getting a security clearance also means greater job opportunities which would pay better. (Item 4 at 13)

Applicant provided a budget in his response to the August 2025 interrogatories. He listed his net monthly salary as \$1,772 and his approximate total monthly expenses as \$1,285. He has a net remainder each month of approximately \$487. (Item 4 at 11)

On his SCA, dated May 11, 2024, in response to Section 26 – Financial Record, Applicant listed that he co-signed a car loan for his mother. He also indicated that he failed to file his state income taxes for tax year 2022 and that he owes the state approximately \$1,800 in state income taxes. He intends to set up a payment plan in order to resolve his income tax debt. (GE 3 at 31)

At the close of the record, Applicant provided no proof that he filed his Federal and state income tax returns for tax years 2021, 2022, or 2023. He did not provide any proof that he paid off or is paying on the delinquent debts alleged in the SOR. Indeed, since he did not respond to the FORM, he did not submit any evidence to be considered in mitigation.

Policies

“[N]o one has a ‘right’ to a security clearance.” (*Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988)) As Commander in Chief, the President has the authority to “control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information.” (*Egan* at 527) The President has authorized the Secretary of Defense or his designee to grant applicants eligibility for access to classified information “only upon a finding that it is clearly consistent with the national interest to do so.” (EO 10865 § 2)

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the AG. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, an administrative judge applies these guidelines in conjunction with an evaluation of the whole person. An administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available and reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in persons with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. Decisions include, by necessity, consideration of the possible risk that the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about potential, rather than actual, risk of compromise of classified information.

Clearance decisions must be made “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” (EO 10865 § 7) Thus, a decision to deny a security clearance is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense have established for issuing a clearance.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from

being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. (*Egan*, 484 U.S. at 531) “Substantial evidence” is “more than a scintilla but less than a preponderance.” (*See v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994)) The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant’s security suitability. ISCR Case No. 15-01253 at 3 (App. Bd. Apr. 20, 2016) Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. (Directive ¶ E3.1.15) An applicant has the burden of proving a mitigating condition, and the burden of disproving it never shifts to the Government. (ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005))

An applicant “has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his security clearance.” (ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002)). “[S]ecurity clearance determinations should err, if they must, on the side of denials.” (*Egan*, 484 U.S. at 531; AG ¶ 2(b))

Analysis

Guideline F: Financial Considerations

The concern under this guideline 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.

This concern is broader than the possibility that a person might knowingly compromise classified information to raise money. It encompasses concerns about a person’s self-control, judgment, and other qualities essential to protecting classified information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. (ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012)).

AG ¶ 19 notes several disqualifying conditions that could raise security concerns. The disqualifying conditions that are relevant to Applicant’s case include:

- (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.

AG ¶¶ 19(a) and 19(c) apply because Applicant has six delinquent debts, an approximate total of \$19,152. His failure to file his federal and state income tax returns for tax years 2021, 2022, and 2023 establishes AG ¶ 19(f).

AG ¶ 20 describes conditions that could mitigate security concerns. 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 in 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.

None of the mitigating conditions apply. Applicant has not taken steps to resolve his delinquent accounts. He also did not provide proof that he filed his Federal and state income tax returns for tax years 2021, 2022, and 2023. Applicant stated that if he was given a security clearance, he would be in better financial shape to resolve or pay the delinquent debts alleged in the SOR. However, a promise to pay in the future does not mitigate the security concerns raised under Guideline F.

The DOHA Appeal Board has held that 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).

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether the granting or continuing of national security eligibility is clearly consistent with the interests of national security must be an overall common-sense judgment based upon careful consideration of the adjudicative guidelines, each of which is to be evaluated in the context of the whole person. An 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.

I have incorporated my comments under Guideline F in my whole-person analysis, and I have considered the factors in AG ¶ 2(d). I considered that Applicant is 27 years old and is applying for a security clearance for the first time. He has worked for the employer who is sponsoring his security clearance since December 2023.

After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude that Applicant did not mitigate the security concerns raised by his failure to file his federal and state income tax returns for tax years 2021, 2022, and 2023 and his failure to resolve his delinquent consumer debts.

Formal Findings

Formal findings 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.h:	Against Applicant

Conclusion

I conclude that it is not clearly consistent with the interests of national security to grant Applicant eligibility for access to classified information. Clearance is denied.

Erin C. Hogan
Administrative Judge