DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01266
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Carroll Connelley, Esq., Department Counsel
For Applicant: *Pro se*

06/30/2026

Decision

PRICE, Eric 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 September 3, 2024. On October 21, 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 (Exec. Or.) 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) promulgated in Security Executive Agent Directive 4, *National Security Adjudicative Guidelines* (December 10, 2016), which became effective on June 8, 2017.

Applicant responded to the SOR (Answer) on October 28 and November 18, 2025, and he requested a hearing before an administrative judge. The case was assigned to another Administrative Judge on April 16, 2026, and on May 11, 2026, the Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing scheduling the hearing for

June 15, 2026, via video teleconference. The case was reassigned to me on May 21, 2026, due to a scheduling conflict. I convened the hearing as scheduled.

Government Exhibit (GE) 1 through GE 7 were admitted in evidence without objection. (Hearing Exhibit (HE) I) Applicant testified and submitted Applicant Exhibit (AE) A and AE B, which were admitted without objection. The record was held open and Applicant timely submitted AE C through AE I, which were admitted without objection. (HE II) The record closed on June 22, 2026. DOHA received the hearing transcript (Tr.) on June 26, 2026.

Findings of Fact

The SOR alleges Applicant owes delinquent federal income taxes totaling about $30,407 and is past due on a mortgage in the approximate amount of $11,840. In his answer to the SOR, Applicant admitted all SOR allegations without further explanation. His admissions are incorporated in my findings of fact.

Applicant is 80 years old. He has been self-employed since July 2001 and provides cybersecurity training. He is sponsored for a security clearance by a federal contractor. He received a bachelor's degree in 1967 and a master's degree in 1972. He has been married since 1968 and has a 41-year-old son. (GE 1; Tr. 15-17, 24-29, 44)

Applicant attributes his tax problems to his company's failure to pay its share of his taxes while his son ran the company from about 2017 to 2021. (GE 1 at 28-30, GE 2 at 1, GE 3 at 2) He regained control over the company and timely filed and paid income taxes due for TY 2021 and TY 2022. (GE 3) Applicant attributes his subsequent financial problems including his delinquent mortgage to underemployment since the COVID-19 pandemic, his son's unemployment in 2025, and his son's underemployment. He has focused on paying essential bills and bringing his mortgage current. He recently obtained additional work for his company and anticipates an increase in income. (GE 1 at 28-32, GE 2, GE 3 at 2; Tr. 25-30, 44-45, 57-65; AE B, AE E-I)

SOR ¶¶ 1.a through 1.d allege that Applicant owes delinquent federal income taxes totaling about $30,407 including $4,332 (TY 2018), $5,206 (TY 2019), $10,305 (TY 2020), and $10,624 (TY 2023). Federal income tax account transcripts dated between May and August 2025 show delinquent account balances including taxes, interest, and penalties totaling about $30,407 in the amounts alleged for TY 2018 through TY 2020, and TY 2023. (GE 3) The available tax account transcripts show only one payment on overdue taxes alleged in the SOR, a $350 payment made in January 2022 on overdue TY 2018 income taxes. (GE 3 at 5)

Applicant submitted an IRS notice dated March 9, 2026, which offered options to resolve his overdue federal income taxes, interest and penalties including: (1) a one-time payment of $38,508, and (2) an installment agreement with 72 monthly payments of about $802. (AE A, AE C) The proposed agreement addressed tax delinquencies from TY 2017 through TY 2020 and TY 2023 totaling about $38,508 including $5,991 (TY 2017), $4,566

(TY 2018), $5,422 (TY 2019), $10,936 (TY 2020), and $11,591 (TY 2023). (AE A, AE C; Tr. 11-12, 33-35)

Applicant claimed that he has been working on an installment agreement with the IRS requiring monthly payments of $1,000 beginning in September 2026. (AE B at 2) He submitted a signed IRS FORM 9465 "Installment Agreement Request" dated June 8, 2026. (AE D) It addresses $38,508 in overdue taxes for TY 2017 through TY 2020 and TY 2023 and proposes a monthly payment of $1,000. (AE C-D) He has not received a response from the IRS or made any payments on his overdue federal income taxes since receiving the SOR. Applicant acknowledged that he owes about $5,991 for overdue taxes from TY 2017 and that he also owes about $2,000 for overdue taxes from TY 2024. (Tr. 26-35, 53-54, 60-65)

Department counsel submitted evidence that a federal tax lien in the amount of $70,593 was filed against Applicant in January 2005 and released in August 2006. (GE 7) Applicant testified he first experienced tax problems in about 2016 and that he had no recollection of a federal tax lien from 2005 or 2006. (Tr. 38-39)

SOR ¶ 1.e alleges Applicant is past due on a mortgage in the approximate amount of $11,840. He admitted the allegation. (Answer) A September 2025 credit report shows a last payment in August 2025, past-due balance of $11,840, and total balance of $771,419. (GE 5 at 1) A June 2026 credit report shows a last payment in May 2026, past-due balance of $28,540, and total balance of $785,283. (GE 6 at 1) Both credit reports show the joint account was opened in March 2015 and that the original loan was for $766,550.

Applicant testified that his son and his son's spouse moved in with him and his spouse to assist them due to their advanced age. He and his son combined funds and made a $500,000 down payment on a new home and co-signed the mortgage in March 2025. In mid-2025, they became delinquent on the mortgage when his son's employer went out of business and his son lost a job that had paid about $95,000 per year. His son could not find a job with comparable income and now earns about $47,000 per year. Applicant obtained additional work in 2026, and his son received a raise. He said that he has been making regular mortgage payments in 2026 including several double payments and that his son pays what he can. He anticipates bringing the mortgage current by October 2026. (AE B; Tr. 25-30, 40-444, 55-59, 70)

After the hearing Applicant submitted documentary evidence of nine mortgage payments totaling about $46,551 from February through June 15, 2026. (AE E-I) He also submitted evidence that as of June 15, 2026, the "Current Mortgage Balance" was $751,846. (AE E) This debt is being resolved.

Applicant's gross annual income has been about $25,000 a year since the COVID-19 pandemic and he receives about $32,000 in annual social security retirement benefits. His company downsized because of the COVID-19 pandemic and his income was significantly reduced. His spouse receives about $71,000 in retirement income. At the hearing he said that he had about $800 in the bank and estimated that he had at least $400,000 in equity in his home. Credit reports from September 2024, September 2025, and June 2026 show Applicant was current on all other credit accounts. (GE 4-6) He has not received financial counseling. (Tr. 44-53)

Applicant has performed work for the federal government since the 1970s and has provided training for the Department of Defense since at least 1995 without incident. He has no criminal record and has not received a speeding ticket. (GE 1; Tr. 15-17, 24-25)

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." *Id.* 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." Exec. Or. 10865 § 2.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. 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." Exec. Or. 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. *See Egan* at 531. Substantial evidence is "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all the contrary evidence in the same record." See ISCR Case No. 17-04166 at 3 (App. Bd. Mar. 21, 2019). It is "less than the weight of the evidence, and the possibility of drawing two inconsistent conclusions from the evidence does not prevent [a Judge's] finding from being supported by substantial evidence." *Consolo v. Federal Maritime Comm'n,* 383 U.S. 607, 620 (1966). "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. *See* 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* at 531.

Analysis

Guideline F, Financial Considerations

The security 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. . . .

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. *See* ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

Applicant's admissions and record evidence, including tax account transcripts, IRS notice and credit bureau reports establish three disqualifying conditions under this guideline: AG ¶ 19(a) (inability to satisfy debts), AG ¶ 19(c) (a history of not meeting financial obligations), and AG ¶ 19(f) (failure to pay annual Federal . . . income tax as required).

The following mitigating conditions 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; 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.

AG ¶¶ 20(a), 20(d) and 20(g) are not established for Applicant's failure to timely pay federal income taxes due for TY 2018 through TY 2020 and TY 2023 (SOR ¶¶ 1.a through 1.d). He has experienced difficulties paying his federal income taxes since at least TY 2016 and he has failed to pay overdue federal income taxes due for TY 2018 through TY 2020 and TY 2023 totaling at least $32,516. Although Applicant submitted an installment agreement request dated June 8, 2026, there is no evidence the request has been approved by the IRS. There is no evidence of any payment on overdue federal income taxes alleged in the SOR since the SOR was issued.

Although not alleged in the SOR, Applicant owes overdue taxes totaling at least $5,991 for TY 2017 and about $2,000 for TY 2024. *See* ISCR Case No. 03-20327 at 4 (App. Bd. Oct. 26, 2006) (conduct not alleged in the SOR may be considered to assess an applicant's credibility; to evaluate evidence of extenuation, mitigation, or changed circumstances; to consider whether an applicant has demonstrated successful rehabilitation; to decide whether a particular provision of the Adjudicative Guidelines is applicable; and as part of a whole person analysis).

Applicant's tax problems are long-standing, ongoing, and continue to cast doubt on his reliability, trustworthiness, and good judgment.

AG ¶ 20(b) is not fully established. Applicant's loss of income during the COVID-19 pandemic, his son's apparent failures to ensure Applicant's income taxes were paid while managing the company, and his son's unemployment and underemployment were conditions largely beyond Applicant's control. However, he has not produced sufficient evidence that he acted responsibly under the circumstances.

AG ¶ 20(c) does not apply because Applicant has not received financial counseling.

AG ¶ 20(d) is established for the delinquent mortgage. Applicant has made a good-faith effort to bring his mortgage current. SOR ¶ 1.e is resolved for Applicant.

Whole-Person Analysis

Under AG ¶ 2(c), the ultimate determination of whether to grant a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. An administrative judge must evaluate an applicant's security eligibility by considering the totality of the applicant's conduct and all the relevant circumstances. 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 applied the adjudicative factors in AG ¶ 2(d). Applicant was candid and credible at the hearing. I considered the entire record, including his work history, character evidence, credit history, his recent efforts to establish a payment agreement with the IRS, and that his financial problems were caused, in part, by circumstances beyond his control. I considered that he made nine mortgage payments totaling about $46,551 from February through June 15, 2026, and that he is resolving the delinquent mortgage alleged in SOR ¶ 1.e. After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated financial considerations security concerns.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for award of a security clearance in the future. With a longer track record of financial responsibility including payment of overdue federal income taxes or establishment and compliance with a payment agreement with the IRS, he may be able to demonstrate persuasive evidence of his security clearance worthiness. Overall, the record evidence leaves me with questions and doubts as to his eligibility and suitability for a security clearance at this time.

Formal Findings

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F:	AGAINST APPLICANT
Subparagraphs 1.a through 1.d:	Against Applicant
Subparagraph 1.e:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, 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 C. Price
Administrative Judge