DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 24-01117
	)	
Applicant for Security Clearance	)	

Appearances

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

08/04/2026

Decision

OLMOS, Bryan J., Administrative Judge:

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

Statement of the Case

On August 15, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guidelines F. The DCSA issued the SOR 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 Security Executive Agent Directive 4 (SEAD 4), *National Security Adjudicative Guidelines* (AG), effective June 8, 2017.

On about September 27, 2024, Applicant answered the SOR (Answer) and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The case was assigned to a DOHA administrative judge on or about April 2, 2025. On September 15, 2025, DOHA issued a notice scheduling the hearing for October 3, 2025. That hearing was cancelled and rescheduled to December 15, 2025.

The assigned administrative judge convened the hearing on December 15, 2025. Department Counsel offered into evidence Government Exhibits (GX) 1-4, and Applicant offered into evidence Applicant Exhibits (AX) A-D. All exhibits were admitted without objection. Applicant and two witnesses testified. The record was left open through January 5, 2026, for Applicant to submit additional information. He timely submitted AX E-F. In February 2026, Applicant submitted AX H. These additional exhibits were admitted without objection. DOHA received the December 2025 hearing transcript (Tr. A) on about December 22, 2025.

In early April 2026, prior to issuing a decision in this matter, the originally assigned administrative judge passed away unexpectedly. On April 20, 2026, the DOHA chief administrative judge reassigned the case to me. On April 22, 2026, I contacted the parties and offered them the choice between a decision being issued based on the existing record or proceeding with a new hearing. (Hearing Exhibit A; Tr. B at 5) Applicant elected to have a new hearing, which was convened as scheduled on June 26, 2026.

All exhibits admitted during the December 2025 hearing were re-offered and re-admitted without objection as GX 1-4 and AX A-H. Transcript A was also placed into the record. During the second hearing, Applicant offered AX I, which was admitted without objection. Applicant testified and the record was left open through July 10, 2026, for either party to submit additional information. Applicant timely submitted AX J, which was admitted without objection. DOHA received the second hearing transcript (Tr. B) on July 6, 2026.

Findings of Fact

The SOR alleges that Applicant failed to file, as required, his federal income tax (FIT) returns (SOR ¶ 1.a) and State A income tax (SIT) returns (SOR ¶ 1.b) for tax years (TYs) 2017 and 2018. Additionally, the SOR alleges that he owed about $5,964 in delinquent state income taxes to State A for TYs 2017, 2019, 2020, and 2021 (SOR ¶ 1.c). He admitted SOR ¶¶ 1.a and 1.b. He denied SOR ¶ 1.c and provided extenuating and mitigating information. His admissions are incorporated into my findings of fact. After reviewing the pleadings, evidence submitted, and testimony, I make the following additional findings of fact.

Applicant is 36 years old. He married in June 2015, separated in 2017, and divorced in December 2018. He has two children from this relationship and shares joint custody with his ex-wife. He neither pays nor receives alimony or child support. Since his separation, he has lived with his grandparents, pays rent and assists in their care. He described financial struggles that occurred after his divorce. (GX 1-2, 4; Tr. A at 16-17; Tr. B at 22-25)

From about February 2016 through August 2021, Applicant worked for a large telecommunications company. From August 2021 through January 2022, he worked with a cybersecurity company, for whom he submitted his first security clearance application (SCA) in September 2021. He was granted eligibility for access to classified information shortly afterwards. He started with his current employer in October 2022 as an information system security officer and currently earns an annual salary of about $102,000. He submitted another SCA in September 2023. (GX 1-2; Tr. B at 25-27, 70-72)

Following their separation in 2017, Applicant and his ex-wife fought over the resolution of their marital debt and who would claim the dependent tax credit for their two children. Ultimately, through court-sponsored mediation, they resolved the marital debt and agreed to each claim one child on their subsequent tax returns. However, after the divorce was finalized in December 2018, he took no action to file his FIT and SIT returns for TYs 2017 and 2018. (GX 1-2, 4; Tr. A at 17-18; Tr. B at 80-85)

In his September 2021 SCA, Applicant disclosed that he failed to file his FIT and SIT returns for TYs 2014, 2017 and 2018. Regarding each return, he stated, "No actions were [taken] due to missing the deadline in order to file taxes" and there were "no debts to satisfy." Although he took no action to resolve his delinquent tax returns after this disclosure, his eligibility for access to classified information was granted. (GX 1-2)

In his September 2023 SCA, Applicant again disclosed that he had failed to file his FIT and SIT returns for TYs 2014, 2017, and 2018. During his November 2023 interview with a government investigator, he confirmed his responses on the September 2023 SCA and did not provide any additional information regarding his tax situation. (GX 1, 4)

In his February 2024 response to government interrogatories, Applicant provided a summary of his tax situation and submitted several federal and State A tax documents. Regarding the tax returns for TYs 2017 and 2018, he stated:

> I missed the deadline to file taxes for those two years. As far as payment, my federal debt is satisfied (screenshot is attached to show zero balance). As far as [State A's] tax debt, I am on a payment plan, which is included. There weren't any particular reasons that prevented me from filing other than me missing the deadline date to do so.

He did not detail a plan for filing his delinquent FIT and SIT returns. (GX 3)

In his interrogatory response, Applicant included several federal income tax transcripts from the Internal Revenue Service (IRS), printed in December 2023 and January 2024. These showed that, contrary to his SCA disclosures, he filed his TY 2014 FIT return on time and received a refund. Additionally, he filed his FIT returns for TYs 2015 and 2016 on time and received a refund. However, IRS account transcripts showed that his FIT returns for TYs 2017 and 2018 remained unfiled. For TYs 2019 through 2022, he filed his FIT returns on time each year. He owed additional taxes for TYs 2019 and 2021. Installment agreements with the IRS were established in September 2020 and September 2022, with inconsistent payments following each time. A refund from his TY 2022 FIT return was used to pay the remainder of his federal tax debt for TYs 2019 and 2021. (GX 3)

Applicant’s SIT returns for State A were filed near in time to when he filed his FIT returns. Documents from State A reflect that he owed delinquent taxes for TYs 2017, 2019, 2020 and 2021 and made inconsistent payments under various payment plans toward that debt from 2018 through 2022. As of December 2023, he still owed $5,964 in delinquent state taxes. That month, he reinitiated a payment plan with State A whereby he would send a payment of $182 per month to resolve the delinquent tax debt. (GX 3)

In his September 2024 Answer to the SOR, Applicant admitted that his FIT and SIT returns for TYs 2017 and 2018 remained unfiled. He stated “I don’t have access to those two W-2s to go back and file at this time. I can try to obtain the information needed to file.” He noted that his tax returns were filed consistently for all years before and after TYs 2017 and 2018. He stated that State A was processing his payment for taxes owed and he had no other delinquent debts or financial issues. (Answer)

During his December 2025 hearing, Applicant detailed that his December 2018 divorce complicated his tax filings. However, he admitted that after disclosing his delinquent tax status in his September 2021 SCA, he took no action to resolve the issue throughout 2022 and 2023. While he gathered some tax information for his February 2024 response to interrogatories, he asserted that he did not realize his unfiled tax returns posed a security concern until he received the SOR in August 2024. He then claimed he experienced additional delay because he had difficulty obtaining necessary W-2 forms from a previous employer. However, he admitted that he received the W-2 forms in either late 2024 or early 2025, about a week after he contacted the employer. (Tr. A at 18-23)

Additionally, during his December 2025 hearing, Applicant testified that he filed his FIT and SIT returns for TYs 2017 and 2018 around October 2025. In support of his claim, he provided copies of undated and unsigned tax returns for those years. The unsigned FIT returns reflected that he estimated owing $2,885 for TY 2017 and $1,090 for TY 2018. The unsigned SIT returns reflected that he estimated owing State A $1,282 for TY 2017 and that he would receive a refund of $55 for TY 2018. When asked why the forms were undated and unsigned, he claimed that he submitted them digitally and was waiting for confirmation of receipt from the IRS. He also claimed that he had a $0 balance with the IRS but did not specify whether that included any payment toward his anticipated federal tax debt. (Tr. A at 23-28)

Regarding his State A tax debt, Applicant admitted that he had consistently owed taxes each year for several years. He also admitted that he had been in and out of payment plans with State A on multiple occasions and stopped paying on a plan in 2022 because he “ran into money problems.” However, he claimed he started another payment plan in January 2024 before finally taking out a personal loan and paying the debt. (Tr. A at 26-30)

A week after the hearing, Applicant provided receipts for certified mailings, dated December 22, 2025, to the IRS and the State A comptroller. He claimed the mailings included signed copies of his FIT and SIT returns for TYs 2017 and 2018. He also submitted a screenshot from his IRS account showing a $0 balance. However, the screenshot did not reflect whether any balances for TYs 2017 and 2018 had been included. (AX E)

Applicant provided a payment history from State A showing that he made a payment of $5,164 in September 2024 to resolve his delinquent State A tax debt and that the loan he took to pay the debt remained in good standing. In February 2026, he provided documents from State A showing that his SIT returns for TYs 2017 and 2018 had been received. It was calculated that he would receive $270 as a refund for TY 2017 and $54 as a refund for TY 2018. (AX E, H)

In March 2026, Applicant received notice from the IRS that his TY 2018 FIT return had been received and that he owed $2,249 with payment due by April 20, 2026. In April 2026, he received an additional notice from the IRS confirming that his TY 2017 FIT return had been received and that he owed $6,256 with payment due by May 11, 2026. Both amounts included penalties and interest. (AX J)

Although payments on these past-due federal taxes were due by April 20, 2026, and May 11, 2026, Applicant did not contact the IRS to request a payment plan until May 15, 2026. Payments under the plan were scheduled to begin in July 2026. He had not sent his first payment prior to his June 2026 hearing. (AX I; Tr. B at 40-45)

During his June 2026 hearing, Applicant again stated that his separation in 2017 and divorce in 2018 led to his tax problems and he had difficulty obtaining the necessary W-2 forms. However, he admitted he did not request the documents from his previous employer until after he received the SOR in August 2024. He estimated he received the W-2s in either late 2024 or early 2025. He then claimed that "as soon as I got them, I filed everything, mailed everything off." Yet, he stated he digitally filed the delinquent tax returns in October 2025, nine months later. When asked about the delay, he stated he was "waiting to hear back from the IRS." He could not specify the action that he was waiting for the IRS to initiate as his FIT returns remained unfiled. He then claimed that the tax returns he submitted in October 2025 were rejected because he did not sign the forms. He then resubmitted the forms in December 2025. (Tr. B at 47-58, 78-82)

Applicant admitted during the June 2026 hearing that he was aware he owed federal taxes for TYs 2017 and 2018 when he submitted his FIT returns in December 2025. However, he claimed he could not afford to pay the delinquent taxes at the time. When asked why he did not submit any payment with his returns, he stated "I wanted to get everything and try to set up a payment arrangement." He then waited until May 2026 to contact the IRS. However, he stated he was committed to resolving his tax problems going forward. (Tr. B at 42-45, 64-71, 99)

After the hearing, Applicant submitted federal tax account transcripts for TYs 2024 and 2025. He filed both returns on time and received a $9,989 refund for TY 2024 and a $10,814 refund for TY 2025. There is no indication that the refunds from either return were used to resolve his tax debt for TYs 2017 and 2018. He also provided an updated payment history showing that he continues to make timely payments on the loan he took to resolve his State A tax debt. (AX J)

During Applicant's December 2025 hearing, two witnesses testified on his behalf. Both individuals were personal friends of Applicant and were unaware of the allegations reflected in the SOR. However, they both spoke highly of Applicant's character and believed he maintained the judgment, trustworthiness, and reliability necessary to maintain a security clearance. (Tr. A at 34-44)

Policies

It is well established that no one has a right to a security clearance. As the Supreme Court held in *Department of the Navy v. Egan*, "the clearly consistent standard indicates that security determinations should err, if they must, on the side of denials." 484 U.S. 518, 531 (1988)

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 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, these guidelines are applied 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." In reaching this decision, I have drawn only those conclusions that are reasonable, logical, and based on the evidence contained in the record. Likewise, I have not drawn inferences grounded on mere speculation or conjecture.

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, an "applicant is responsible for presenting witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by applicant or proven by Department Counsel and 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.

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.

I have considered the disqualifying conditions for financial considerations under AG ¶ 19 and the following are potentially applicable:

> (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's admissions, testimony and record evidence reflect that he failed to file his FIT and SIT returns for TYs 2017 and 2018 until December 2025. He did not resolve his delinquent taxes owed to State A for TYs 2017, 2019, 2020 and 2021 until September 2024. All the above security concerns are established for SOR ¶¶ 1.a-1.c.

Failure to file tax returns suggests that an applicant has a problem with complying with well-established governmental rules and systems. Voluntary compliance with such rules and systems is essential for protecting classified information. *See* ISCR Case No.

01-05340 at 3 (App. Bd. Dec. 20, 2002). While difficulty in meeting financial obligations may force an applicant to choose the order in which he or she addresses unpaid debts, they do not provide a plausible excuse for failing to meet an important legal requirement, such as filing returns when due. *See* ISCR Case No. 24-00330 at 4 (App. Bd. Apr. 1, 2025); ISCR Case No. 15-03019 at 6 (App. Bd. Jul. 5, 2017).

I have considered the mitigating conditions under AG ¶ 20, and 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;
>
> (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.

Applicant's separation in 2017 and divorce in 2018 were unforeseen events that significantly complicated his preparation of his FIT and SIT returns. Before and after TYs 2017 and 2018, he filed his FIT and SIT returns on time. Although he continued to owe State A taxes through TY 2021, he paid his delinquent taxes to State A in September 2024. He filed his delinquent FIT and SIT returns in December 2025. He does not owe State A any additional taxes. In May 2026, he set up a payment plan with the IRS to pay the approximate $8,505 he owes in delinquent taxes, beginning in July 2026. There is no indication that he is experiencing other financial difficulties. All the above mitigating conditions must be considered.

In contrast, Applicant first disclosed his tax situation in his September 2021 SCA. He disclosed his tax situation again in his September 2023 SCA and verified that information during an interview with a government investigator in November 2023. He then received interrogatories in December 2023 seeking detailed information about his tax situation. In his February 2024 response, he acknowledged that his FIT and SIT returns for TYs 2017 and 2018 remained unfiled, but claimed he did not owe any delinquent federal taxes and was on a payment plan with State A. Yet, he offered no plan to resolve his delinquent tax returns and took no immediate action to address them.

In his September 2024 Answer to the SOR, Applicant claimed he lacked the necessary W-2 forms to file his delinquent FIT and SIT tax returns. However, he estimated receiving these forms by early 2025. He then claimed he filed his tax returns in October 2025, but the returns were rejected for being unsigned. He provided no supporting evidence of that submission, and the record reflects that the returns were not filed until December 2025.

Additionally, despite Applicant's repeated assertions that he owed no delinquent federal taxes, he knew when he filed the returns that he owed federal taxes for TYs 2017 and 2018. He did not pay the taxes on filing, citing a lack of funds. Subsequent IRS correspondence demanded payment of $8,505 by May 11, 2026. He did not contact the IRS until May 15, 2026, to request a payment plan and had made no payments toward his federal tax debt by his June 2026 hearing. Meanwhile, post-hearing tax transcripts reveal he received $20,803 in refunds for TY 2024 and 2025.

In instances where an applicant has purportedly corrected his tax problem and is motivated to prevent such problems in the future, the administrative judge is not precluded from giving careful consideration of the applicant's security worthiness in light of his "longstanding prior behavior evidencing irresponsibility" including a failure to timely file FIT returns. *See* ISCR Case No. 15-01031 at 3 (App. Bd. June 15, 2016); ISCR Case No. 09-02184 at 4 (App. Bd. June 22, 2010). Being current on a payment plan with a tax authority, alone, does not establish mitigation under AG ¶¶ 20(d) or 20(g). Rather, the administrative judge must consider all the record evidence, to include the circumstances under which the tax arrearage accrued, whether the applicant initiated good-faith efforts to resolve the problem, the timing of any such efforts, the length of time that an applicant has been on a payment plan, and his degree of compliance with the plan. *See* ISCR Case No. 19-01624 at 4 (App. Bd. Aug. 29, 2022).

During his December 2025 hearing, Applicant stated his delinquent tax returns were filed. This was not accurate. He repeatedly claimed he owed $0 in delinquent federal taxes. This was also not accurate. Instead, he filed his delinquent tax returns shortly after the December 2025 hearing and did not set up a payment plan with the IRS until May 2026, shortly before his June 2026 hearing. It cannot be said that his tax difficulties happened long ago as his tax returns were not filed until December 2025 and he did not enter a payment plan to resolve the debt until May 2026. He has not taken responsible action to meet his tax obligations as required. None of the mitigating conditions are applicable to SOR ¶¶ 1. a and 1.b.

However, Applicant entered various payment plans with State A for the delinquent taxes arising from TYs 2017, 2019, 2020, and 2021. In September 2024, he took a loan and paid his State A tax debt in full. Although he did not file his SIT returns for TYs 2017 and 2018 until December 2025, he did not owe any additional taxes to State A. His actions in 2024 to resolve the State A tax debt were sufficient to mitigate SOR ¶ 1.c under AG ¶ 20(g).

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 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 in my whole-person analysis.

Applicant has been consistently employed since at least 2016 and has held a security clearance since 2021. Following his separation in 2017, he and his ex-wife fought over the resolution of their marital debt and the dependent tax credit for their two children. He additionally experienced financial struggles after the divorce. This complicated his tax filings, which remained unresolved for years. In September 2024, he resolved his delinquent State A tax debt. In December 2025, he filed his delinquent FIT and SIT returns. In May 2026, he set up a payment plan to resolve his delinquent federal tax debt. These are positive steps toward resolution of the security concerns. Nonetheless, given the extent that he allowed these issues to remain unresolved, he has not established a sufficient track record of tax compliance to mitigate the security concerns for financial considerations.

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.b:	Against Applicant
Subparagraph 1.c:	For 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.

Bryan J. Olmos
Administrative Judge