DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01247
	)	
Applicant for Security Clearance	)	

Appearances

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

08/06/2026

Decision

BORGSTROM, Eric H., Administrative Judge:

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

Statement of the Case

On January 13, 2026, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). 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 on June 8, 2017.

In Applicant's March 4, 2026, response to the SOR (Answer), she admitted SOR ¶¶ 1.d, 1.e, 1.g, and 1.h, and she denied SOR ¶¶ 1.a-1.c, and 1.f. She did not attach any documentary evidence, and she requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge. (Answer)

On April 10, 2026, the Government was ready to proceed to a hearing. I was assigned this case on May 11, 2026. On June 2, 2026, DOHA issued a notice scheduling the hearing for June 24, 2026. The hearing proceeded as scheduled. The Government proffered six evidentiary exhibits, which I admitted as Government Exhibits (GE) 1 through 6, without objection. Applicant and one witness testified. Applicant did not submit any evidentiary exhibits. At Applicant's request, the record remained open until July 24, 2026, to provide her an opportunity to supplement the evidentiary record. DOHA received the hearing transcript (Tr.) on July 1, 2026. Applicant timely submitted a 38-page compendium of character evidence, tax records, and a budget, which I admitted collectively as Applicant Exhibit (AE) A, without objection. The record closed on July 28, 2026.

Findings of Fact

Applicant is 50 years old. She graduated high school in 1993, and she earned a certification as a medical coding associate in January 2020. She married in June 2005 and divorced in June 2016. She has two children, ages 21 and 19. (GE 1; GE 4; Tr. 24)

From September 2011 to October 2018, Applicant was employed full time for a food management company, most recently as a food service director. From October 2018 to February 2022, she was employed full time as a senior account clerk for a school district. She estimated she earned about $58,000 annually at this position. Since February 2022, she has been employed full time by a federal contractor. From February 2022 to August 2024, she served as an officer administrator, and since then as a senior administrative assistant. Her weekly take-home pay is approximately $900, and she testified that her current position is her highest-paying position to date. (GE 1; Tr. 25-29)

The SOR alleges financial considerations security concerns based upon unfiled federal income tax (FIT) returns (SOR ¶ 1.a) and state income tax returns (SOR ¶ 1.b) for tax year (TY) 2022. The SOR also alleges six delinquent consumer accounts (SOR ¶¶ 1.c-1.h) totaling approximately $10,776.

SOR ¶¶ 1.a and 1.b. On September 3, 2024, Applicant submitted an Electronic Questionnaire for Investigations Processing (e-QIP). Under Section 26 – Financial Record, she reported that she had failed to timely file her income tax return(s) for TY 2022, however, she did not identify if she was referring to federal, state, or both. She also reported that she had not paid her associated tax liability for that year. (GE 1)

On November 13, 2024, Applicant was interviewed by an authorized investigator on behalf of the Office of Personnel Management (OPM). During the interview, Applicant attributed the delay in filing her TY 2023 FIT and SIT returns to her April 2024 surgery. At the time, she was busy and forgot about filing her taxes. She estimated that she owed approximately $200. (GE 4)

In her follow-up response to March 2025 DCSA interrogatories, Applicant provided documentary evidence concerning her FIT and SIT returns for TY 2021, 2023, and 2024. Receipts show that she paid a tax-preparation firm (TPF) to prepare these 2021 FIT and SIT returns on or about July 30, 2025 and to prepare the TY 2023 and 2024 FIT and SIT returns on or about April 15, 2025; however, the Internal Revenue Service (IRS) account transcripts state that the returns were not received by the IRS. No TY 2022 IRS account transcript was included in her responses to interrogatories. (GE 2)

In her Answer and at the hearing, Applicant averred that she had mailed all of these returns to the IRS in late 2025, including her TY 2022 FIT and SIT returns. She testified that all FIT and SIT returns had been filed, that no taxes were outstanding, and that she received a tax refund for an unspecified tax year in June 2026. (Tr. 31, 35-37)

After the hearing, Applicant submitted IRS tax return transcripts and account transcripts for TYs 2023, 2024, and 2025. As of the close of the record, there is no documentary evidence showing that the FIT and SIT returns for TY 2022 have been filed. (AE A at 17-37)

On March 19, 2025, Applicant responded to DCSA interrogatories pertaining to her delinquent accounts. She admitted that the seven listed accounts, including SOR ¶¶ 1.c, 1.d, 1.e, 1.f, 1.g, and 1.h, remained unpaid. She claimed one account (SOR ¶ 1.c) was related to her divorce. She attributed her financial delinquencies to a February 2024 medical diagnosis, April 2024 surgery, and period of unemployment. She attached a monthly budget reflecting approximately $3,570 in income and $2,290 in expenses. (GE 2 at 3-10)

SOR ¶ 1.c. This personal loan was incurred in April 2021, became delinquent in July 2022, and was charged off in July 2023 in the approximate amount of $6,607. During her security interview and at the hearing, Applicant identified this debt as pertaining to a loan she incurred to pay her divorce attorney. There is no evidence of any contacts with this creditor, payment arrangements, or payments on this account. (GE 5 at 2; GE 6 at 1; Tr. 39)

SOR ¶ 1.d. This credit-card account was placed for collection in the approximate amount of $1,524. During a follow-up OPM interview on November 20, 2024, Applicant admitted this account. She recalled receiving settlement offers from this creditor, but she did not act on them. There is no evidence of any payment arrangements or payments on this account. (GE 4; GE 5 at 2)

SOR ¶ 1.e. This credit-card account was placed for collection in December 2019 in the approximate amount of $1,252. Applicant admitted this account during the November 20, 2024, OPM interview. There is no evidence of any contacts with this creditor, payment arrangements, or payments on this account. (GE 5 at 2; GE 6 at 4)

SOR ¶ 1.f. This credit-card account was charged off in about October 2019 in the approximate amount of $612. There is no evidence of any contacts with this creditor, payment arrangements, or payments on this account. (GE 5 at 3)

SOR ¶ 1.g. This retail account became delinquent in December 2022 and was placed for collection in May 2024 in the approximate amount of $533. There is no evidence of any contacts with this creditor, payment arrangements, or payments on this account. (GE 5 at 3; GE 6 at 4)

SOR ¶ 1.h. This credit-card account was opened in April 2021, became delinquent in November 2021, and charged off in about May 2022 in the approximate amount of $248. There is no evidence of any contacts with this creditor, payment arrangements, or payments on this account. (GE 5 at 3; GE 6 at 4)

Applicant attributed her financial delinquencies to her divorce and her health challenges. She explained that following her 2016 contentious divorce, her former spouse, in effect, required her to reside with their two sons in a nearby community, and he threatened legal action. She testified that the cost-of-living, particularly rent, was exorbitant in the specified area. She admitted that her living expenses often exceeded her income, as she raised her two children. She at times did not receive child support payments from her former spouse. (GE 4; Tr. 31-34)

In February 2024, Applicant was diagnosed with a significant illness requiring surgery and treatment. Her adult children moved in with her former spouse, and Applicant moved in with her mother. Applicant had surgery in early April 2024 and emergency surgery in late April 2024. She remained out of work from April to July 2024. With her focus on her health, she forgot to file her FIT and SIT returns for TY 2023 in April 2024. She underwent another surgery in September 2024, was hospitalized in November 2024, and returned to work in December 2024. She received a reduced income, possibly short-term disability compensation, during her periods of unemployment. (GE 1; GE 3; Tr. 31, 34, 56-59, 66-67)

With her March 2025 response to DCSA interrogatories, Applicant submitted a monthly budget reflecting $3,570 in income and $2,290 in expenses; however, she testified that she lives paycheck-to-paycheck and had less than $5 in her bank account as of the hearing. In about April 2026, she had to purchase a vehicle, requiring her to incur a $8,000 loan from her 401(k) account. Her updated monthly budget reflected $3,680 in income and $2,754 in expenses. Her expenses include $1,000 for vehicle insurance (including for one child) and no debt payments. She also provides financial support for her two adult children, including cell phones for both and tuition for one. As of the hearing, her former spouse was in 30-day inpatient alcohol treatment program. (AE A at 38; Tr. 41, 48-50)

When questioned why she had not contacted her creditors and initiated debt-resolution efforts, Applicant testified, without corroboration, that the OPM investigator had advised her, at the time of the interviews, not to take any action on her debts until the investigation or clearance adjudication was completed. She further testified that she adhered to that advice despite receiving the March 2025 financial interrogatories and the January 2026 SOR. When she received the SOR, she understood that her financial delinquencies may negatively impact her clearance eligibility. She admitted that she could have contacted creditors and seek payment arrangements; however, she had adhered to the OPM investigator's purported advice. She could not explain why she did not attempt any debt-resolution efforts or monthly payments on her accounts prior to her November 2024 OPM interview. She has not participated in credit counseling. She expressed her intent to contact creditors and ascertain what payment arrangements were feasible; however, there is no evidence she took action prior to the close of the record. (Tr. 40-45, 61)

Whole Person

Applicant's witness, the senior human resources manager with her employer, testified in support of her clearance eligibility. He has known Applicant professionally since February 2022, initially as her supervisor. He described her as "very reliable, very dedicated, [and a] hard worker." While supporting the human resources department, she maintained confidentiality concerning employee information. She has had no disciplinary actions or security incidents while employed at her current position. The witness was unaware of the security concerns alleged in the SOR. (Tr. 67, 71-77)

Applicant's facility security officer (FSO) submitted a character-reference letter that praised her as "a person of integrity, honesty, and strong moral character" and attested to her professionalism, judgment, and accountability. (AE A at 1; Tr. 65)

Applicant also submitted a series of performance appraisals and "check-ins" with her supervisor, spanning February 2022 through April 2026. She received exceptional ratings on her 2022 appraisal and favorable feedback on all of her check-ins. (AE A at 2-16)

Policies

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(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."

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 sensitive 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 sensitive information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard sensitive information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of sensitive 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 establish that she filed her FIT and SIT returns for TY 2022, as required. AG ¶ 19(f) applies as to SOR ¶¶ 1.a and 1.b.

The record evidence established Applicant's six delinquent accounts, totaling approximately $10,800. These debts became delinquent between October 2019 and July 2023, and they remain delinquent. AG ¶¶ 19(a) and 19(c) apply.

Conditions that could mitigate financial considerations security concerns are provided under AG ¶ 20. 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 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.

Applicant bears the burdens of production and persuasion in mitigation. An applicant is not held to a standard of perfection in his debt-resolution efforts or required to be debt-free. "Rather, all that is required is than an applicant act responsibly given [her] circumstances and develop a reasonable plan for repayment, accompanied by 'concomitant conduct,' that is, actions which evidence a serious intent to effectuate the plan." ISCR Case No. 15-02903 at 3 (App. Bd. Mar. 9, 2017). *See*, *e.g.*, ISCR Case No. 13-00987 at 3, n. 5 (App. Bd. Aug. 14, 2014).

Applicant attributed her financial delinquencies to her divorce, insufficient child support from her former spouse, significant health challenges, and unemployment. I found

Applicant's testimony about the causes of her financial delinquencies to be credible. Although she established the first prong of AG ¶ 20(b), she did not demonstrate that she acted responsibly to address and resolve her delinquent accounts. She has known about these delinquent accounts for several years, even prior to her 2024 medical diagnosis and treatment; however, she took no action on these accounts. I also did not find Applicant's continued reliance on the OPM investigator's purported statements to take no action to be reasonable in light of the March 2025 interrogatories and the January 2026 SOR. Applicant recognized that her financial delinquencies may negatively impact her clearance eligibility, yet she took no action on the debts, obtained no financial counseling, and sought no advice from her FSO. AG ¶ 20(b) does not fully apply.

As of the close of the record, Applicant has not contacted her creditors, established payment arrangements, or made any payments on her delinquent accounts. She has not provided documentary evidence that her 2022 FIT and SIT returns were filed. None of the financial considerations mitigating conditions fully apply.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for access to classified information 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 and the factors in AG ¶ 2(d) in this whole-person analysis.

Applicant is well regarded by her employer. She encountered a series of circumstances that contributed to her financial delinquencies; however, she has not established that she acted responsibly to address and resolve these debts. Furthermore, several of her FIT and SIT returns were filed late, and she has not demonstrated that the 2022 returns were, in fact, filed. She may benefit from financial counseling both as to her tax filings and her delinquent accounts. Applicant did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

This decision should not be construed as a determination that Applicant cannot obtain a security clearance in the future. With sustained efforts to address and resolve her delinquent debts and to timely file her tax returns, Applicant may overcome the aforementioned 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.h:	Against Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, I conclude that it is not clearly consistent with the national interest to grant Applicant's eligibility for access to classified information.

Eric H. Borgstrom
Administrative Judge