DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00884
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Carroll J. Connelley, 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 September 26, 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 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 February 23, 2026, response to the SOR (Answer), he denied SOR ¶¶ 1.b. and 1.c., and he admitted the remaining 14 allegations. He claimed that SOR ¶¶ 1.b. and 1.c. had been settled and that he had filed his federal income tax (FIT) and state income tax (SIT) returns for tax years (TY) 2019 through 2023. As of his Answer, he had not filed his FIT returns for 2013 through 2015 or his SIT returns for 2010, and he had not established payment plans or made tax payments. He attached documentary evidence of his February 2025 engagement of a tax-resolution firm (TRF[1]), monthly payments to a TRF, settlement of SOR ¶¶ 1.b. and 1.c., and his FIT and SIT returns for TY 2020 through 2024. These returns were prepared in November 2025 and were unsigned and unfiled; however, there was an authorization for the TY 2024 FIT return to be electronically filed. He requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge. (Answer)

On April 29, 2026, the Government was ready to proceed to a hearing. I was assigned this case on May 11, 2026. On June 3, 2026, DOHA issued a notice scheduling the hearing for June 24, 2026. The hearing proceeded as scheduled. The Government proffered 17 evidentiary exhibits, which I admitted as Government Exhibits (GE) 1 through 17, without objection. Applicant testified and submitted four evidentiary exhibits, which I admitted as Applicant Exhibits (AE) A through D. At Applicant's request, the record remained open until July 29, 2026, to provide him with an opportunity to supplement the evidentiary record. DOHA received the hearing transcript (Tr.) on July 6, 2026. Applicant timely submitted 21 exhibits, which I admitted as AE E through Y, without objection. The record closed on July 29, 2026.

Findings of Fact

Applicant is 46 years old. He graduated from high school in 1997. From September 1998 to June 2002, he served on active duty in the U.S. Army, from which he received a general discharge for ending his contract early. From June 2002 to August 2006, he served in the Army Reserve, from which he received an honorable discharge. He married in December 1999 and divorced in January 2007. He married his second wife in March 2007, and they divorced in August 2013. He has three children, ages 26, 19, and 16. He currently resides with his partner, her 17-year-old child, Applicant's 16-year-old child, an adult niece, and the niece's child. (GE 1; Tr. 40-41, 93)

Applicant's employment history includes overlapping full-time and part-time employment and his own businesses. From September 2009 to January 2017, Applicant was employed full time as a technology consultant for a federal contractor. From October 2016 to March 2017, Applicant was self-employed as a network security engineer. From October 2018 to May 2019, he was employed full time as an analyst for a federal contractor. From April 2019 to June 2020, Applicant was employed full time as an engineer. From May 2019 to February 2023, Applicant was self-employed as an owner of a trucking company. From May 2020 to September 2023, he was employed part time as an engineer for a private company. From February to November 2023, he was employed full time as a truck driver for a private company. In October 2023, he obtained full time employment as an engineer for a federal contractor. This initially was a temporary position, and, at an unspecified date, became a permanent position with his current employer, a federal contractor. (GE 1; Tr. 39)

On December 6, 2023, Applicant certified and submitted an Electronic Questionnaire for Investigations Processing (e-QIP). Under Section 26 – Financial

[1] As discussed within the Findings of Fact, Applicant consulted three different TRFs.

Record, he reported that he owed federal and state taxes for TY 2017, 2018, and 2019. He stated that he was placed in a "nontaxable status in 2017" and that he intended to set up a payment plan. He also reported an October 2013 federal tax lien ($79,076), a June 2016 federal tax lien ($6,365), and a February 2017 state tax lien ($27,019). He claimed to be working with TRF #1 to address his unfiled returns and delinquent taxes. Under Section 26, he also reported two delinquent accounts. (GE 1)

On January 29, 2024 and February 5, 2024, Applicant was interviewed by an authorized investigator on behalf of the Office of Personnel Management (OPM). He explained that he was, in effect, unemployed from December 2017 to June 2018. He remained an employee, but he did not receive any income. (GE 4 at 2)

During the February 5, 2024 interview, Applicant explained that he engaged TRF #1 to assist him with his tax issues with TY 2013. As of the OPM interview, he was having difficulty contacting TRF #1. He explained that he had been in a nontaxable status since 2013, and that TRF #1 had advised him against addressing his TY 2013 taxes because they would be uncollectable after 10 years. (GE 4 at 4) During the interview, he also explained that he had consolidated three debts (SOR ¶¶ 1.a.-1.c.) with a debt-resolution firm (DRF) and had entered a payment agreement starting in February 2024. He attributed his tax and financial problems to a loss of income due to the COVID pandemic. (GE 4 at 4)

On December 7, 2024, Applicant responded to DCSA financial interrogatories. He admitted three delinquent accounts, including SOR ¶¶ 1.a. and 1.b., and explained that he was seeking cancellation of the debts (IRS Form 1099-C) from the creditors. He attached a monthly budget reflecting $7,922 in income, $7,587 in expenses, and a net remainder of approximately $335. This budget did not reflect any tax payments or payments towards the alleged consumer accounts. He explained that he had contacted TRF #2 to engage its services to negotiate a payment plan with the IRS, but he had declined its services due to the proposed retainer ($21,000). Rather, he intended to contact TRF #3 in December 2024. (GE 2 at 6-10)

On June 17, 2026, Applicant filed a Chapter 7 bankruptcy petition. He listed approximately $289,000 in delinquent consumer accounts and tax debts, including SOR ¶¶ 1.a., 1.c., and 1.e. He testified that his scheduled accounts included five additional credit-card accounts, totaling approximately $12,000, and a second repossessed vehicle ($17,000) from the trucking business. He sought to clear his business debts through the bankruptcy case and understood that tax debts typically were not discharged through bankruptcy. As of the close of the record, the dischargeable debts had not been discharged. As part of the bankruptcy case, Applicant completed counseling and debtor education courses in June and July 2026. (AE A; AE B; AE K; AE L; AE Y; Tr. 94-97)

The SOR alleges five delinquent consumer accounts (SOR ¶¶ 1.a.-1.e.) totaling approximately $47,000. The SOR also alleges that Applicant failed to timely file his FIT and SIT returns for several tax years and that he owes significant tax debts.

Consumer Accounts

SOR ¶ 1.a. This credit-card account was opened in September 2019 and was charged off in the approximate amount of $17,684. Applicant testified that he used this account to cover expenses associated with his trucking business. When the business did not generate sufficient income, he used this account. As the business declined and failed, this account became delinquent. In February 2024, Applicant included the debts alleged in SOR ¶¶ 1.a.-1.c. in a DRF plan requiring bi-weekly $147 payments for four years. Applicant testified that he made approximately six to eight payments and then discontinued the DRF plan. There is no documentary evidence to corroborate his claimed payments. In his December 2024 response to financial interrogatories, Applicant explained that he was seeking cancellation of this debt (IRS FORM 1099-C) from the creditor. By Applicant's own admission, he made no payments on this debt since mid-2024. He claimed, without corroboration, to have contacted the creditor in 2025 to negotiate settlement, but he could not afford the creditor's proposed settlement payments. This account was included in Applicant's Chapter 7 bankruptcy petition filed on June 17, 2026. (GE 2 at 6-7; GE 4 at 4; GE 5 at 15; GE 7 at 2; GE 8 at 2; AE A; AE B; AE Y; Tr. 42-52)

SOR ¶¶ 1.b. and 1.c. These two credit-card accounts were placed for collection in September and October 2024, respectively, in the approximate amounts of $1,443 (SOR ¶ 1.b.) and $764 (SOR ¶ 1.c.). On July 3, 2025, Applicant settled both debts. The Government stipulated that both debts had been paid. (Answer; GE 7 at 2; GE 8 at 2; Tr. 44-45)

SOR ¶ 1.d. This account was opened in October 2020 and was charged off in the approximate amount of $6,205. Applicant testified that he incurred this debt when he purchased a trailer for his trucking business. The business ceased operations in about February 2023, and the trailer was repossessed. He claimed, without corroboration, that he contacted this creditor in 2025 to negotiate settlement, but he could not afford the creditor's proposed settlement payments. There is no evidence that Applicant has made any payments or payment arrangements on this debt since its delinquency. This account was included in Applicant's Chapter 7 bankruptcy petition. (Answer; GE 7 at 3; GE 8 at 3; AE A; AE Y; Tr. 51-54)

SOR ¶ 1.e. On November 9, 2023, a judgment was entered against Applicant in the approximate amount of $20,949. Although the creditor has contacted him for payments, he has been financially unable to pursue payments. There is no evidence that Applicant has made any payments or payment arrangements on this judgment. (Answer; GE 17 at 16; Tr. 55-57)

Federal Tax Returns and Debts

FIT TY 2013. In his response to DOD interrogatories, Applicant included an IRS account transcript, dated February 6, 2025, for TY 2013. According to the transcript, Applicant filed this return on April 16, 2018, and he owed approximately $87,310 in taxes and interest. As of the date of the transcript, no payments had been made on this tax debt. (GE 2 at 81; Tr. 57-58)

FIT TY 2014. In his response to DOD interrogatories, Applicant provided an IRS account transcript, dated September 23, 2023, for TY 2014. According to the transcript, Applicant filed this return on April 16, 2018, and his calculated tax refund was applied to his tax debt for TY 2012. (GE 2 at 19-20; Tr. 58)

FIT TY 2015. In his response to DOD interrogatories, Applicant included an IRS account transcript, dated October 27, 2024, for TY 2015. According to the transcript, no return had been filed. When questioned about whether he had filed this return, Applicant responded, "I want to say yes." There is no documentary evidence showing that this return has been filed. (GE 2 at 21-22; Tr. 59)

FIT TY 2016. In his response to DOD interrogatories, Applicant included an IRS account transcript, dated October 27, 2024, for TY 2016. According to the transcript, this return was filed on August 21, 2017, and the calculated refund was applied to his tax debt for TY 2012. (GE 2 at 23-24)

FIT TY 2017. In his response to DOD interrogatories, Applicant included an IRS account transcript, dated February 6, 2025, for TY 2017. According to the transcript, Applicant filed this return on June 4, 2018, and he owed approximately $36,737 in taxes and interest. As of the date of the transcript, no payments had been made on this tax debt. (GE 2 at 79-80)

FIT TY 2018. In his response to DOD interrogatories, Applicant included an IRS account transcript, dated October 27, 2024, stating that this return was filed on June 3, 2019, and that Applicant owed $6,577 in taxes and interest. An updated IRS transcript, dated June 30, 2026, reflected an account balance of $7,383 and that no payments had been made on this tax debt. (GE 2 at 25-26; AE F)

FIT TY 2019. In his response to DOD interrogatories, Applicant included an IRS account transcript, dated October 27, 2024, stating that this return was filed on July 4, 2022, and that Applicant owed approximately $4,403 in taxes and interest. An updated IRS transcript, dated June 30, 2026, reflected an account balance of $4,943, and that no payments had been made on this tax debt. Applicant testified that he did not timely file this return because he was seeking a tax preparer to assist him with his personal and business tax returns. He had hired tax preparers in the past to assist him with his personal tax returns. (GE 2 at 27-28; AE G; Tr. 59-61)

FIT TY 2020. After the hearing, Applicant provided an IRS account transcript, dated June 30, 2026, stating that this return was filed on June 22, 2026, and that Applicant owed $10,895 in taxes and interest. Applicant admitted that he has not made payments or payment arrangements on this tax debt. (AE H; Tr. 63-64, 90)

FIT TY 2021. After the hearing, Applicant provided an IRS account transcript, dated June 30, 2026, stating that this return was filed on May 18, 2026 and calculating a refund of $6,010. This return reflected $12 in gross income for this year. (AE I; Tr. 64, 90)

FIT TY 2022. After the hearing, Applicant provided an IRS account transcript, dated June 30, 2026, stating that this return was filed on June 29, 2026. This return reflected $0 in gross income for this year. (AE J; Tr. 66, 90)

FIT TY 2023. After the hearing, Applicant provided an IRS account transcript, dated July 24, 2026, stating that this return was filed on May 4, 2026, and that Applicant owed $0. (AE M; Tr. 66, 90)

FIT TY 2024. After the hearing, Applicant provided an IRS account transcript, dated July 24, 2026, stating that this return was filed on March 23, 2026, and that Applicant owed $0. (AE N; Tr. 67)

FIT TY 2025. After the hearing, Applicant provided an IRS account transcript, dated July 24, 2026, stating that this return was filed on March 30, 2026, and that Applicant owed $0. (AE O; Tr. 67)

Taken together, offset by the refund for TY 2021, Applicant owes approximately $141,258 in taxes and interest for TY 2013 and 2017 through 2020 (SOR ¶ 1.f.). He testified that he did not have an IRS installment plan to repay his delinquent taxes. He intended to use TRF #3 to negotiate a payment plan with the IRS, but he still needed to submit financial documentation to TRF #3. As of the close of the record, there is no evidence that the FIT return for TY 2013 had been filed (SOR ¶ 1.h.), and several FIT returns were filed late. (Tr. 62-63, 74-76)

SOR ¶ 1.j. On October 30, 2013, a federal tax lien was filed in the approximate amount of $29,548. The court record does not indicate for which tax year(s) this lien relates. As of June 11, 2025, this lien remained unpaid. (GE 9)

SOR ¶ 1.l. On November 7, 2018, a federal tax lien was filed in the approximate amount of $81,758. The court record does not indicate for which tax year(s) this lien relates. As of June 11, 2025, this lien remained unpaid. (GE 12)

<u>State Tax Returns and Debts</u>

The SOR alleges that Applicant failed to file his SIT returns for TY 2010 and 2020 through 2023 (SOR ¶ 1.i.) and that he owed significant state taxes (SOR ¶ 1.g.).

SIT TY 2010. In Applicant's response to DOD interrogatories, he included a printout, dated September 27, 2024, of state taxes owed stating Applicant owed approximately $18,289 in taxes and interest for TY 2010. There is no evidence establishing that this return was filed or that Applicant has made any payments on this tax debt. (GE 2 at 35)

SIT TY 2012. In Applicant's response to DOD interrogatories, he included a printout, dated September 27, 2024, of state taxes owed stating Applicant owed approximately $15,546 in taxes and interest for TY 2012. There is no evidence establishing that this return was filed or that Applicant has made any payments on this tax debt. (GE 2 at 35)

SIT TY 2013. In Applicant's response to DOD interrogatories, he included a printout, dated September 27, 2024, of state taxes owed stating Applicant owed approximately $27,139 in taxes and interest for TY 2013. He attached an unsigned and undated copy of his TY 2013 return. There is no documentary evidence establishing that this return was filed or that Applicant has made any payments on this tax debt. (GE 2 at 35, 42)

SIT TY 2014. In Applicant's response to DOD interrogatories, he included a copy of this return, signed and dated January 17, 2018. (GE 2 at 45)

SIT TY 2015. In Applicant's response to DOD interrogatories, he included a copy of this return, signed and dated February 8, 2018. (GE 2 at 50)

SIT TY 2016. In Applicant's response DOD interrogatories, he included a printout, dated September 27, 2024, of state taxes owed stating Applicant owed approximately $704 in taxes and interest for TY 2016. He included a copy of his return signed July 27, 2017. There is no evidence of any payments on this tax debt. (GE 2 at 35, 55)

SIT TY 2017. In Applicant's response to DOD interrogatories, he included a printout, dated September 27, 2024, of state taxes owed stating Applicant owed approximately $14,592 in taxes and interest for TY 2017. He included a copy of his return, signed March 22, 2018. There is no evidence of any payments on this tax debt. (GE 2 at 35, 60)

SIT TY 2018. In Applicant's response to DOD interrogatories, he included a printout, dated September 27, 2024, of state taxes owed stating Applicant owed approximately $4,315 in taxes and interest for TY 2018. After the hearing, he provided a certified copy of his return, signed April 15, 2019, reflecting its receipt by the state tax authority. There is no evidence of any payments or payment arrangements on this tax debt. (GE 2 at 35; AE P)

SIT TY 2019. In Applicant's response to DOD interrogatories, he included a printout, dated September 27, 2024, of state taxes owed stating Applicant owed approximately $7,260 in taxes and interest for TY 2019. After the hearing, he provided a certified copy of his return, signed October 15, 2020, reflecting its receipt by the state tax authority. There is no evidence of any payments or payment arrangements on this tax debt. (GE 2 at 35; AE Q)

SIT TY 2020. In Applicant's response to DOD interrogatories, he included a printout, dated September 27, 2024, of state taxes owed stating Applicant owed approximately $8,611. After the hearing, Applicant provided a certified copy of this return, signed November 13, 2025, reflecting its receipt by the state tax authority. There is no evidence of any payments or payment arrangements on this tax debt. (GE 2 at 35; AE R; Tr. 71)

SIT TY 2021. After the hearing, Applicant provided a certified copy of this return, dated November 13, 2025, reflecting its receipt by the state tax authority. The return reflected a refund; however, there is no evidence Applicant's calculations matched those of the state tax authority. (AE S; Tr. 71)

SIT TY 2022. After the hearing, Applicant provided a certified copy of this return, dated November 13, 2025, reflecting its receipt by the state tax authority; however, this return was incomplete and did not calculate Applicant's tax liability. (AE T; Tr. 71)

SIT TY 2023. After the hearing, Applicant provided a certified copy of this return, dated February 27, 2026, reflecting its receipt by the state tax authority. The return reflected a refund; however, there is no evidence Applicant's calculations matched those of the state tax authority. (AE U; Tr. 71)

SIT TY 2024. After the hearing, Applicant provided a certified copy of this return, dated February 27, 2026, reflecting its receipt by the state tax authority. The return reflected a refund; however, there is no evidence Applicant's calculations matched those of the state tax authority. (AE V; Tr. 71)

SIT TY 2025. After the hearing, Applicant provided a certified copy of this return, dated February 27, 2026, reflecting its receipt by the state tax authority. The return reflected a refund; however, there is no evidence Applicant's calculations matched those of the state tax authority. (AE W)

Taken together, Applicant owes approximately $96,456 in delinquent state taxes for TY 2010, 2012, 2013 and 2016 through 2020 (SOR ¶ 1.g.). These taxes may be minimally offset by refunds for TY 2021 through 2025; however, the state tax authority has not confirmed Applicant's calculations. Applicant testified that he has not established a payment plan nor made any payments on his delinquent state taxes. He has engaged TRF #3 to negotiate a payment plan after the bankruptcy case has concluded. In addition, Applicant did not establish that he filed the SIT returns for TY 2010, and the SIT return for TY 2021 was incomplete (SOR ¶ 1.i.). (Tr. 72-77)

SOR ¶ 1.k. On February 9, 2017, a state tax lien was filed against Applicant in the approximate amount of $27,019. As of June 11, 2025, this lien remained unpaid. There is no evidence of any payment or payment arrangements on this tax debt. (GE 11)

SOR ¶ 1.m. On April 9, 2019, a state tax lien was filed against Applicant in the approximate amount of $31,483. As of June 11, 2025, this lien remained unpaid. There is no evidence of any payment or payment arrangements on this tax debt. (GE 13)

SOR ¶ 1.n. On October 28, 2019, a state tax lien was filed against Applicant in the approximate amount of $3,073. As of June 11, 2025, this lien remained unpaid. There is no evidence of any payment or payment arrangements on this tax debt. (GE 14)

SOR ¶ 1.o. On May 29, 2024, a state tax lien was filed against Applicant in the approximate amount of $22,158. As of June 11, 2025, this lien remained unpaid. There is no evidence of any payment or payment arrangements on this tax debt. (GE 15)

SOR ¶ 1.p. On June 4, 2024, a state tax lien was filed against Applicant in the approximate amount of $8,416. As of June 11, 2025, this lien remained unpaid. There is no evidence of any payment or payment arrangements on this tax debt. (GE 16)

Applicant attributed his financial delinquencies and tax problems to several converging circumstances. He testified that, following his 2013 divorce, he experienced significant financial strain and did not file his income tax returns for about five years. He explained that his TY 2013 tax debt, originally approximately $34,000, arose after he sold some stocks. He initially worked with TRF #1, referenced in his e-QIP, to address his TY 2013. He claimed that TRF #1 placed him in a "non-collectable" status with the IRS. He then sought to engage TRF #2 to negotiate an IRS payment plan but then declined the proposed retainer fee. In February 2025, he engaged TRF #3, which advised him to file all of his unfiled FIT and SIT returns as a prerequisite to any negotiations with the IRS. Applicant testified that he had filed his FIT returns for TY 2020 through 2023 in November 2025 and was providing TRF #3 his monthly budget as the groundwork for the prospective IRS negotiations. By letter dated June 26, 2026, TRF #3 confirmed that Applicant had not yet provided the necessary financial information and that all negotiations were on hold pending the disposition of his bankruptcy filing. (AE E; GE 2 at 88; GE 5 at 13; Tr. 69, 73-78, 90, 94)

Applicant operated his trucking business from about May 2019 to February 2023. He attributed his delinquent consumer accounts and his delay in resolving his delinquent taxes to the decline and failure of that business. (AE C; Tr. 46-48, 70-71)

At the hearing, Applicant explained that he had identified as a Moorish American (MA) from about 2007 to 2014. He had traveled out of state to file documentation asserting his MA status. He obtained an MA identification card. He acknowledged that some MAs believe that they are not subject to FIT and SIT filing and paying obligations; however, Applicant never held those beliefs. His failure to timely file his tax returns and pay his taxes was not connected to his MA status. (GE 3 at 6; Tr. 79-83)

Applicant testified that he had approximately $2,400 in his bank accounts. His current income includes his take-home salary ($7,226 a month) and his Department of Veterans Affairs (80% disability rating) compensation ($2,200 a month). On his Chapter 7 bankruptcy petition, he did not report his disability compensation under "other income." He reported his monthly expenses as $7,341. (AE D; AE Y at 40-43; Tr. 42, 65, 84-93)

Whole Person

Applicant submitted one character-reference letter in support of his clearance eligibility. This individual is the chief executive officer of Applicant's employer. He has known Applicant professionally for approximately 19 years. He praised his dependability, work ethic, trustworthiness, integrity, and commitment. (AE X)

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.

The record evidence established Applicant’s five delinquent accounts, totaling approximately $47,000. These debts have been delinquent for at least three years. AG ¶¶ 19(a) and 19(c) apply.

Applicant did not timely file his FIT returns for TY 2013, 2014, and 2020 through 2023. There is no evidence that the FIT return for TY 2015 has been filed. Similarly, he did not timely file his SIT returns for TY 2010 and 2020 through 2023. Several of these returns were filed over four years past the filing deadline. There is no evidence that the SIT return for TY 2010 has been filed. As discussed above, Applicant owes over $141,000 to the IRS in taxes and interest for TY 2013 and 2017 through 2020 and has two outstanding federal tax liens. He owes over $96,000 in state taxes and has five outstanding state tax liens. AG ¶ 19(f) applies

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 his 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 his financial difficulties to his divorce and failed business. I found Applicant's testimony about the causes of his financial delinquencies to be credible. Although he established the first prong of AG ¶ 20(b), he did not demonstrate that he acted responsibly to address and resolve his delinquent accounts. He has known about these delinquent accounts for several years; however, he took little or no action on his delinquent accounts. In July 2025, he settled two accounts (SOR ¶¶ 1.b. and 1.c.) and made some payments pursuant to a DRF plan in 2024; however, he has initiated no other payment plans or debt-resolution efforts. Days before the hearing, he filed a Chapter 7 bankruptcy petition to discharge his financial liability for his consumer accounts, but he has not established a track record of financial responsibility and good judgment. AG ¶ 20(b) does not fully apply.

AG ¶ 20(d) applies to SOR ¶¶ 1.b. and 1.c., as these debts were settled prior to the issuance of the SOR.

Applicant did not establish any circumstances beyond his control that contributed to his failure to timely file his FIT and SIT returns. Regarding the failure to timely file a federal income tax return, the DOHA Appeal Board has commented:

> 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. ISCR Case No. 01-05340 at 3 (App. Bd. Dec. 20, 2002). As we have noted in the past, a clearance adjudication is not directed at collecting debts. *See, e.g.*, ISCR Case No. 07-08049 at 5 (App. Bd. Jul. 22, 2008). By the same token, neither is it directed toward *inducing an applicant to file tax returns. Rather, it is a proceeding aimed at* evaluating an applicant's judgment and reliability. *Id*. A person who fails repeatedly to fulfill his or her legal obligations 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. 14-01894 at 5 (App. Bd. Aug. 18, 2015). *See Cafeteria & Restaurant Workers Union Local 473 v. McElroy*, 284 F.2d 173, 183 (D.C. Cir. 1960), *aff'd*, 367 U.S. 886 (1961).

ISCR Case No. 14-04437 at 3 (App. Bd. Apr. 15, 2016) (emphasis in original). The timing of Applicant's debt-resolution efforts is relevant and material to the evaluation of his evidence in mitigation. *See*, *e.g.*, ADP Case No. 16-03595 at 4 (App. Bd. Aug. 27, 2018) (timing of debt-resolution efforts is relevant in evaluating the sufficiency of case in mitigation).

In the present case, Applicant failed to timely file his FIT and SIT for several years. At least two returns remain unfiled and other returns were filed several years past their deadline. Applicant's financial strains do not diminish his legal obligation to timely file his FIT and SIT returns. Although Applicant claimed to have filed his FIT returns for TY 2020 through 2023 in November 2025 (Answer; Tr. 90), he did not. In fact, these returns were not filed until May and June 2026 (AE H-J; AE M). TRF #3 stated that Applicant had not provided the necessary financial information to proceed with negotiations with the IRS. Applicant's tax-filing and tax-paying problems pre-date his 2013 divorce and 2023 business failure, yet he has not made one payment to the IRS or the state tax authority towards his delinquent taxes. Applicant has not demonstrated good judgment or reliability in his handling of his tax-filing and tax-paying obligations. None of the financial considerations mitigating conditions fully apply.[2]

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

[2] *See* ISCR Case No. 24-02104 at 2 (App. Bd. Jan. 26, 2026) ("The Judge's decision to afford some mitigative credit to the September 2025 IRS payment did not require him to find Applicant's federal tax filing concern fully mitigated, and his conclusion that, 'considering the evidence 'as a whole,' Applicant's failures regarding his [federal income taxes] are not mitigated' is well-rooted in Appeal Board precedent.").

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 his employer. Although he encountered some circumstances that contributed to his financial delinquencies, these circumstances did not diminish his tax-filing responsibilities. Furthermore, his tax problems pre-date both his 2013 divorce and his 2023 business failure. His inaction and delay in filing his returns, establishing payment plans, and making payments do not reflect good judgment and reliability. He has not established that he has acted responsibly regarding his finances or that these circumstances are unlikely to recur. He did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

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
Subparagraph 1.a.:	Against Applicant
Subparagraphs 1.b.-1.c.:	For Applicant
Subparagraphs 1.d.-1.p.:	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