DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00998
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Sakeena Farhath, Esq., Department Counsel
For Applicant: *Pro se*

08/12/2026

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 August 7, 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 September 18, 2025, response to the SOR (Answer), she admitted SOR ¶¶ 1.a. through 1.g. As to SOR ¶ 1.h., she claimed that she had filed her federal income tax (FIT) returns for tax years (TY) 2013, 2021, and 2022, but she had not filed for TY 2023. She attached documentation of seven payments on one account (SOR ¶ 1.d.), one $44 payment on SOR ¶ 1.f., nine payments on SOR ¶ 1.a., two payments on SOR ¶ 1.c., and other scheduled payments. She requested a hearing before a Defense Office of Hearings and Appeals (DOHA) administrative judge. (Answer)

On January 8, 2026, the Government was ready to proceed to a hearing. I was assigned this case on March 26, 2026. On April 1, 2026, DOHA issued a notice scheduling the hearing for May 6, 2026. The hearing proceeded as scheduled. The Government proffered seven evidentiary exhibits, which I admitted as Government Exhibits (GE) 1 through 7, without objection. Applicant and three witnesses testified. Applicant submitted nine evidentiary exhibits, which I admitted as Applicant Exhibits (AE) A through I, without objection. At Applicant's request, the record remained open until June 16, 2026, to provide her with an opportunity to supplement the evidentiary record. DOHA received the hearing transcript (Tr.) on May 13, 2026. Applicant timely submitted one exhibit, which I admitted as AE J, without objection. The record closed on June 16, 2026.

Findings of Fact

Applicant is 61 years old. She earned an associate degree in criminal justice in April 2013. She has never married, and she does not have any children. She was granted a secret clearance by the U.S. Department of State in May 2018. (GE 1 at 10, 11, 24; Tr. 58, 63)

From June 2018 to March 2020, Applicant was employed full time with a federal contractor as an office management specialist. Her annualized income was approximately $76,000. From March 2020 to June 2021, she was employed full time with a different federal contractor as an executive secretary. Her annualized income was approximately $77,000. From June 2021 to November 2023, she was employed with another federal contractor as an executive secretary. Her annual income at this position was approximately $78,000. Since November 2023, she has been employed full time with a federal contractor, currently as a senior office management specialist. She earns approximately $127,000 annually. (GE 1 at 10-14; Tr. 58-62)

The SOR alleges financial considerations security concerns arising from Applicant's seven delinquent accounts (SOR ¶¶ 1.a.-1.g.) and her failure to timely file her FIT returns for TY 2013, 2021, 2022, and 2023 (SOR ¶ 1.h.).

On December 10, 2023, Applicant completed and certified an Electronic Questionnaire for Investigations Processing (e-QIP). Under Section 26 – Financial Record, she reported 11 delinquent accounts, none of which are alleged in the SOR. She also reported that she had engaged a credit-repair company to initiate payment arrangements. (GE 1 at 37-48)

In her May 8, 2025, response to DOHA interrogatories, Applicant admitted that "[s]ome of the circumstances that have caused [her] failure to file and/or pay past taxes is [sic] to [her] own fault." (GE 2 at 8) She claimed to be making payments on her federal taxes for TY 2023. She provided documentary evidence of an unalleged, resolved delinquent consumer account. (GE 2 at 10) She attached Internal Revenue Service (IRS) tax account transcripts, dated May 7, 2025, for TY 2020 through 2024, reflecting that the returns for TY 2020 and 2024 had been filed but the other returns remained unfiled. She attached a monthly budget reflecting $3,300 in income, and approximately $2,900 in expenses (varying due to transportation costs). She also attached a payment plan to begin $21 payments on SOR ¶ 1.b. beginning in mid-May 2025. (GE 2 at 8, 10, 13-18, 23-27)

SOR ¶ 1.a. This utility account was placed for collection in the approximate amount of $1,393. This account had been delinquent since at least December 2023. Applicant attached documentary evidence to her Answer establishing nine $50 payments between May and August 2025, totaling approximately $450. She testified that she had continued making $50 payments and expected to satisfy this debt in July 2026; however, she provided no evidence to corroborate her claimed payments after August 2025. After the hearing, she provided correspondence from the creditor stating that it would cease all collection activities on this debt. (Answer; GE 5 at 2; GE 6 at 2; AE J at 10; Tr. 71-72)

SOR ¶ 1.b. This credit-card account was charged off in the approximate amount of $556. This account had been delinquent since at least November 2023. Applicant provided documentary evidence on a different account with the same creditor; however, there is no evidence of any payments or payment arrangements on this account. (Answer; GE 5 at 2; GE 6 at 3, 4; Tr. 80-81)

SOR ¶ 1.c. This account was placed for collection in the approximate amount of $536. Applicant paid this account as of December 1, 2025, as stipulated by Department Counsel. (Answer; GE 6 at 3; AE G; Tr. 70, 82-83)

SOR ¶ 1.d. This credit-card account was placed for collection in the approximate amount of $273. This account had been delinquent since at least December 2023. Applicant paid this account in full ($323) as of November 18, 2025. (Answer; GE 6 at 4; Tr. 83-84)

SOR ¶ 1.e. This account was placed for collection in the approximate amount of $253. In her Answer, Applicant attached an agreement to initiate payments in October 2025; however, as of the hearing, no payments had been made. (Answer; GE 6 at 4; Tr. 85-86)

SOR ¶ 1.f. This account was at least 90 days delinquent in the approximate amount of $146, with a total balance of approximately $441. Applicant scheduled $44 bi-weekly payments, beginning in September 2025. She resolved this debt in November 2025. (Answer; GE 6 at 5; GE 7 at 6; AE E; AE J at 1; Tr. 87-89)

SOR ¶ 1.g. In May 2025, Applicant was late on her rent payment, and, in mid-May 2025, a judgment was entered against her in the approximate amount of $4,618 – equivalent of the May and June 2025 rent. On June 23, 2025, she satisfied this judgment. She could not recall what circumstances led to her delinquent rent. (Tr. 90-92; GE 3; AE J at 17; Tr. 131)

SOR ¶ 1.h. The SOR alleges that Applicant did not timely file her FIT returns for TY 2013, 2021, 2022, and 2023. There is no documentary evidence from either party as to TY 2013. Applicant testified that her more recent returns had been filed, at an unspecified date, but had been returned to her by the IRS because they were not completed correctly. "[T]hey said the form I filled out wasn't filled out correctly, so I had to put each individual tax return on a separate – a separate form." (Tr. 96) Applicant further testified that she had refiled these missing returns; however, she did not identify when these returns were refiled or provide any corroborating evidence:

> The only one that I didn't do was I – I did the taxes, but I didn't file it, and then I was advised to – I was advised to, whenever, just because you, when you owe, still submit the paperwork.

Her testimony reflected confusion as to the status of her FIT filings. At the hearing, she admitted that her TY 2022 FIT return remained unfiled, contrary to her representations in her Answer. No tax account transcripts were submitted subsequent to her May 2025 transcripts attached to her response to the interrogatories. After the hearing, she resubmitted the IRS transcripts printed in May 2025. The Government did not establish its *prima facie* case that Applicant failed to file her FIT return for TY 2013. As of the close of the record, there was no documentary evidence establishing that her FIT returns for TY 2021, 2022, and 2023 have been filed. (Answer; AE H at 1-7; Tr. 56, 96-98, 100)

Applicant provided documentary evidence of debt-resolution efforts pertaining to six unalleged accounts. In August 2024, she paid $83 to bring an unalleged account current. (AE B) In May 2025, she settled an unalleged debt for $613. (AE A) In November 2025, she paid $212 to resolve a different unalleged account. (AE D) Between January and April 2026, she made payments totaling approximately $164 on another unalleged delinquent account. (AE C) In June 2026, she paid $408 to resolve a fifth delinquent account. (AE F, AE J at 13) In June 2026, she established a payment plan to resolve a sixth delinquent account but had not yet started payments. (AE J at 2)

At the hearing, Applicant explained that she had experienced financial difficulties following a 2013 layoff and 2013 cancer treatment. She obtained gainful employment within a year but had incurred some credit-card debt. She identified no other circumstances – beyond her high rent and transportation costs – that contributed to her financial delinquencies. She does not own a vehicle and relies upon a cane or walker to walk. She commutes by public bus ($22/day) or by ride-sharing service ($66/day). She has approximately $500 in her bank accounts, has not participated in financial counseling, and does not maintain a budget. She explained that she had eliminated her expense for cable television and has been unable to find a cheaper place to rent. She acknowledged that some of her financial delinquencies are attributable to mismanagement. (Tr. 108, 110, 122-131)

Applicant's April 2026 credit report reveals at least four new delinquent accounts, which she admitted at the hearing. She also admitted that her $86,000 in student loans were in deferred status, and she owes delinquent federal taxes ("less than $2,000") and state taxes ($400) for TY 2025. (Tr. 99) She explained that she had won approximately $10,000 at a casino in October 2025, resulting in the tax liability. She testified that she used the winnings to pay her debts; however, she did not provide any evidence to corroborate this claim. She attributed her recent financial delinquencies to her checking account being hacked in the approximate amount $2,000. Although she provided correspondence showing that her “compromised” accounts had been closed, she did not provide any corroborating evidence as to the amount misappropriated. She has not filed a police report concerning the theft. In addition to triggering some delinquent accounts, the purported theft caused her to miss her April and May rent payments. As of the hearing, she had received a court summons for a judgment for the rent debt. She anticipated being able to pay her April 2026 rent by the May 2026 court date but not her May 2026 rent. She provided no further information about her delinquent accounts or delinquent rent in her post-hearing submissions. (GE 7 at 5; AE J at 16; Tr. 73-74, 92-95, 99, 101-110, 117-120,130)

Whole Person

Three witnesses testified in support of Applicant’s clearance eligibility. Two witnesses met Applicant through their professional responsibilities in support of the same government agency. They grew to be friends. The witnesses considered Applicant to be very helpful, trustworthy, and “awesome” at her job. The third witness, a longtime friend and former neighbor, described Applicant as trustworthy, honest, and easygoing. None of the witnesses were aware of the security concerns raised in the SOR. (Tr. 17-23, 27-29, 34-37)

Applicant submitted a character-reference letter from an individual with whom she has worked for over two years. The reference praised her integrity, honesty, judgment, responsibility, and accountability. (AE J at 18)

Applicant testified that she volunteers with a youth organization and an organization for victims of domestic violence. (Tr. 132-33)

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 seven delinquent accounts, totaling approximately $7,237. These debts have been delinquent for at least two-and-a-half years. AG ¶¶ 19(a) and 19(c) apply.

Applicant did not timely file her FIT returns for TY 2021, 2022, and 2023. As of the close of the record, there is no evidence to corroborate Applicant's claims that she filed these returns. 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 her debt-resolution efforts or required to be debt-free. "Rather, all that is required is that 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 some financial difficulties to her 2013 layoff and cancer treatment; however, she did not provide sufficient information about how long she was unemployed. Her e-QIP does not reflect any period of unemployment since 2009. She testified that she has been gainfully employed since 2018, and her annual income increased from $78,000 to approximately $127,000 in about November 2023. More recently, she attributed her delinquent rent and newest delinquent accounts to a $2,000 theft from her account in April 2026.

Applicant provided documentary evidence of some debt-resolution efforts on alleged and unalleged accounts, but she was behind on her rent and had incurred several new delinquent accounts as of the DOHA hearing. She also had incurred a significant tax liability due to her casino winnings. She acknowledged some financial missteps or mismanagement, has not participated in any financial counseling, and does not maintain a monthly budget.

Applicant established that she resolved SOR ¶¶ 1.c., 1.d., 1.f., and 1.g. AG ¶ 20(d) applies. Applicant made some payments on SOR ¶ 1.a in 2025; however, the cessation of collection efforts is not equivalent to resolution of this account.

Most importantly, Applicant has failed to establish that she has filed her unfiled FIT tax returns. Regarding the failure to timely file FIT returns, 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 her 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).

Although Applicant's financial delinquencies may be, in part, due to circumstances beyond her control – the account theft, high rent, and transportation costs – she has not demonstrated that she has acted responsibly as to her finances. She made payments on some accounts while others became delinquent. She does not maintain a budget. She is uncertain as to which FIT returns remain unfiled, but she has not taken any steps to rectify the problem; and she did not resolve her delinquent accounts with her casino winnings. Doubts remain as to Applicant's judgment and reliability in addressing and resolving her delinquent debts. None of the financial considerations mitigating conditions fully apply to the unresolved debts and the unfiled tax returns.[1]

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 colleagues and friends, and she volunteers with two community organizations. Although she encountered some circumstances beyond her control that contributed to her financial delinquencies, these circumstances did not diminish her tax-filing responsibilities. While paying some accounts, others have become delinquent. She remains uncertain about her tax filings and some of her accounts, and her failure to participate in financial counseling or gain assistance with her debt-resolution efforts increases the likelihood that financial mismanagement or missteps will recur. She did not mitigate the financial considerations security concerns. Eligibility for access to classified information is denied.

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[1] *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.").

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 file her unfiled 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.b.:	Against Applicant
Subparagraphs 1.c.-1.d.:	For Applicant
Subparagraph 1.e.:	Against Applicant
Subparagraphs 1.f.-1.g.:	For Applicant
Subparagraph 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