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| In the matter of: | ) | |
| | ) | |
| | ) | ISCR Case No. 26-00168 |
| | ) | |
| Applicant for Security Clearance | ) | |

**Appearances**

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

08/14/2026

# Decision

HARVEY, Mark, Administrative Judge:

Guideline F (financial considerations) security concerns are not mitigated. Eligibility for access to classified information is denied.

## Statement of the Case

On August 6, 2025, Applicant completed a security clearance application (SCA). (Government Exhibit (GE) 1) On April 22, 2026, the Defense Counterintelligence and Security Agency (DCSA) issued a statement of reasons (SOR) to Applicant under Executive Order (Exec. Or.) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960); Department of Defense (DoD) Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (Directive) (January 2, 1992), as amended; and Security Executive Agent Directive 4, establishing in Appendix A, the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (AGs), effective June 8, 2017. (Hearing Exhibit (HE) 1)

The SOR detailed reasons why DCSA did not find under the Directive that it is clearly consistent with the interests of national security to grant or continue a security clearance for Applicant and stated her case would be submitted to an Administrative Judge for a determination whether to grant, deny, or revoke her security clearance.

Specifically, the SOR set forth security concerns arising under Guideline F. (HE 1) On April 30, 2026, Applicant responded to the SOR. (HE 2) On April 22, 2026, Department Counsel was ready to proceed. On June 25, 2026, the case was assigned to me. On July 1, 2026, DOHA issued a notice scheduling the hearing for July 24, 2026. (HE 3) On July 6, 2026, Applicant sent an email which stated, "Good morning I am sending this email regarding my case in which what documents are you needing regarding my case. I have reached out to my tax preparer and she's looking into me filing for the years I have missed. Do you need updated documents on my payment for the tax year. For as the collection that was on my record it has been removed." (HE 4) I did not send a reply to this email.

The hearing was held as scheduled, using the Microsoft Teams video teleconference system.

During the hearing, Department Counsel offered eight exhibits; Applicant offered one exhibit (three pages of documents); and all proffered exhibits were admitted into evidence without objection. (Tr. 14-18, GE 1-GE 8; Applicant Exhibits (AE) A) On August 4, 2026, DOHA received a copy of the transcript. The record closed on July 24, 2026. (Tr. 54) No other post-hearing documents were received.

Some details were excluded to protect Applicant's right to privacy. Specific information is available in the cited exhibits and transcript.

## Findings of Fact

In Applicant's SOR response, she admitted the allegations in SOR ¶¶ 1.a through 1.d. Her admissions are accepted as findings of fact.

Applicant is a 36-year-old owner-operator of a truck for secure loads, and she has worked as a government contractor for three years. (Tr. 6, 8, 20) In 2008, she graduated from high school, and she has about 30 months of college. (Tr. 6-7) She has not served in the military. (Tr. 7) In 2009, she was married, and in 2016, she was divorced. (Tr. 8)

### Financial Considerations

Applicant's current annual gross pay is about $175,000; however, she has substantial expenses from her business. (Tr. 9) At the end of the week, she has a remainder of about $600, which is available to pay her debts. (Tr. 45; GE 2 at 18) She said the reason she did not use the remainder to pay her debts is "Truth be told, just me just mishandling finance. You know, helping out different people as well as my parents and things like that." (Tr. 45) In her December 4, 2025 DCSA background interview, she estimated that she gives $660 a month to family and friends. (GE 2 at 14) She did not provide details about why it was necessary to provide these monthly funds to family and friends. She has not received financial counseling. (Tr. 46) She believes her financial situation is improving. (Tr. 47) The company that pays her for delivering loads does not deduct Social Security taxes from her pay, and Applicant does not pay Social Security taxes. (Tr. 48) In the future, she plans to pay for items and not accrue debt. (Tr. 47) She intends to be more responsible with her finances and taxes. (Tr. 51)

SOR ¶¶ 1.a and 1.b allege, and Applicant admitted that she failed to file, as required, Federal income tax (FIT) and state income tax (SIT) returns for tax years (TYs) 2022, 2023, and 2024.

In 2022, Applicant was unemployed and did not have the funds to pay someone to prepare her FIT and SIT returns. (Tr. 21) Filing of her tax returns did not occur because she forgot to file, lacked supporting documentation to file her tax returns, or she or her tax preparer were busy with other matters or due to a combination of these occurrences. (Tr. 22-24; GE 2 at 11) She did not realize that she could file the overdue tax returns. (Tr. 27; GE 2 at 11) In 2025, before she completed her SCA, she realized that her failure to file tax returns would be a security clearance issue. (Tr. 26) In her August 6, 2025 SCA, she disclosed that she had not filed her FIT and SIT returns for TYs 2022, 2023, and 2024. (GE 1 at 32-33) She said on her SCA that the remedial action she intended to take was "payment plan." *Id*. At the time of her hearing, she had not filed her 2022 and 2023 FIT and SIT returns. (Tr. 30)

Applicant's tax-preparation professional (TPP) advised her to file her TY 2025 FIT first, which she did. (Tr. 19, 29) In July of 2026, her TPP helped her to file her FIT for TY 2024. (Tr. 19, 26; AE A2) She intends to file her FIT return for TY 2023 next. (Tr. 19)

SOR ¶ 1.c alleges, and Applicant admitted that she is indebted to a communications company for a charged-off account for about $3,191. In 2022, she was unemployed and unable to pay this debt. (Tr. 32) She admitted she was responsible for this debt. (Tr. 33) In her August 6, 2025 SCA, she disclosed this debt, and for remedial action she said, "Started a payment plan and getting the services turned back on." (GE 1 at 32-33) At her hearing, she stated that she was informed the debt was dropped from her credit bureau report (CBR), and it was her understanding that she did not owe the debt because it was removed from her CBR. (Tr. 34-35) Applicant's April 16, 2026 CBR includes this debt. (GE 8 at 1)

SOR ¶ 1.d alleges, and Applicant admitted that she has an account placed for collection for about $2,179. In her August 6, 2025 SCA, she disclosed this debt, and for remedial action she said, "Trying to setup payment plans if not paying the card completely off." (GE 1 at 31-32) Her April 16, 2026 CBR includes this debt. (GE 8 at 1)

Around May of 2026, Applicant contacted the creditor, and the creditor offered to settle the debt for $1,090 or for half of the balance owed. (Tr. 36-38) Applicant agreed to the settlement proposal. (Tr. 38) She did not receive a written settlement offer from the creditor, and she did not make any payments. (Tr. 38-39)

Applicant intends to resolve her tax issues before addressing the debts in SOR ¶¶ 1.c and 1.d. (Tr. 39) On April 29, 2026, Applicant paid $298 to address a non-SOR credit card debt. (AE A1)

## Policies

The U.S. Supreme Court has recognized the substantial discretion of the Executive Branch in regulating access to information pertaining to national security emphasizing, "no one has a 'right' to a security clearance." *Department of the Navy v. Egan*, 484 U.S. 518, 528 (1988). As Commander in Chief, the President has the authority to control access to information bearing on national security and to determine whether an individual is sufficiently trustworthy to have access to such information." *Id*. at 527. The President has authorized the Secretary of War or his designee to grant applicant eligibility for access to classified information "only upon a finding that it is clearly consistent with the national interest to do so." Exec. Or. 10865, *Safeguarding Classified Information within Industry* § 2 (Feb. 20, 1960), as amended.

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the adjudicative guidelines. These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, these guidelines are applied in conjunction with an evaluation of the whole person. An administrative judge's overarching adjudicative goal is a fair, impartial, and commonsense decision. An administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in people with access to classified information. This relationship transcends normal duty hours and endures throughout off-duty hours. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation about potential, rather than actual, risk of compromise of classified information. Clearance decisions must be "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." *See* Exec. Or. 10865 § 7. Thus, nothing in an unfavorable decision should be construed to suggest that it is based on any express or implied determination about an applicant's allegiance, loyalty, or patriotism. An unfavorable decision is merely an indication the applicant has not met the strict guidelines the President, Secretary of War, and Director of National Intelligence have established for issuing a clearance.

Initially, the Government must establish, by substantial evidence, conditions in the personal or professional history of the applicant that may disqualify the applicant from being eligible for access to classified information. The Government has the burden of establishing controverted facts alleged in the SOR. *See Egan*, 484 U.S. at 531. "Substantial evidence" is "more than a scintilla but less than a preponderance." *See v. Washington Metro. Area Transit Auth.*, 36 F.3d 375, 380 (4th Cir. 1994). The guidelines presume a nexus or rational connection between proven conduct under any of the criteria listed therein and an applicant's security suitability. *See* ISCR Case No. 95-0611 at 2 (App. Bd. May 2, 1996).

Once the Government establishes a disqualifying condition by substantial evidence, the burden shifts to the applicant to rebut, explain, extenuate, or mitigate the facts. Directive ¶ E3.1.15. An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his [or her] security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). The burden of disproving a mitigating condition never shifts to the Government. *See* ISCR Case No. 02-31154 at 5 (App. Bd. Sept. 22, 2005). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan*, 484 U.S. at 531; *see* AG ¶ 2(b).

## Analysis

### Financial Considerations

AG ¶ 18 articulates the security concern for financial problems:

> 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, 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 Appeal Board explained the scope and rationale for the financial considerations security concern in ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012) (citation omitted) as follows:

> This concern is broader than the possibility that an applicant might knowingly compromise classified information to raise money in satisfaction of his or her debts. Rather, it requires a Judge to examine the totality of an applicant's financial history and circumstances. The Judge must consider pertinent evidence regarding the applicant's self-control, judgment, and other qualities essential to protecting the national secrets as well as the vulnerabilities inherent in the circumstances. The Directive presumes a nexus between proven conduct under any of the Guidelines and an applicant's security eligibility.

AG ¶ 19 includes disqualifying conditions that could raise a security concern and may be disqualifying in this case: "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 establishes the disqualifying conditions in AG ¶¶ 19(a), 19(c), and 19(f), requiring additional inquiry about the possible applicability of mitigating conditions. Discussion of the disqualifying conditions is contained in the mitigation section, *infra*.

The financial considerations mitigating conditions under AG ¶ 20, which may be applicable in this case, are as follows:

> (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;
>
> (e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue; 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.

The Appeal Board in ISCR Case No. 10-04641 at 4 (App. Bd. Sept. 24, 2013) explained Applicant's responsibility for proving the applicability of mitigating conditions as follows:

> Once a concern arises regarding an applicant's security clearance eligibility, there is a strong presumption against the grant or maintenance of a security clearance. *See Dorfmont v. Brown*, 913 F.2d 1399, 1401 (9th Cir. 1990), *cert. denied*, 499 U.S. 905 (1991). After the Government presents evidence raising security concerns, the burden shifts to the applicant to rebut or mitigate those concerns. *See* Directive ¶ E3.1.15. The standard applicable in security clearance decisions is that articulated in *Egan*, *supra*. "Any doubt concerning personnel being considered for access to classified information will be resolved in favor of the national security." Directive, Enclosure 2 ¶ 2(b).

Applicant admitted that she failed to file, as required, FIT and SIT returns for the TYs 2022, 2023, and 2024. She filed her TY 2024 and 2025 FIT returns in 2026. At the time of her hearing, her TY 2022 and 2023 FIT and SIT returns and her TY 2024 and 2025 SIT returns were not filed. She admitted that she is indebted to a communications company for a charged-off account for about $3,191, and she admitted that she has an account placed for collection for about $2,179. She has not established payment plans to address the debts in SOR ¶¶ 1.c and 1.d.

Applicant suggested that one of her delinquent debts was going to be removed from her CBR. When a debt is dropped from a CBR, it does not necessarily establish mitigation of the debt. The Fair Credit Reporting Act requires removal of most negative financial items from a CBR seven years from the first date of delinquency or the debt becoming collection barred because of a state statute of limitations, whichever is longer. *See* Title 15 U.S.C. § 1681c. Debts may be dropped from a CBR upon dispute when creditors believe debts are not going to be paid, a creditor fails to timely respond to a CBR's request for information, or when the debt has been charged off.

AG ¶ 20(a) does not apply. "It is also well established that an applicant's ongoing, unpaid debts [and history of not timely filing tax returns and paying taxes] demonstrate a continuing course of conduct and can be viewed as recent for purposes of the Guideline F mitigating conditions." ISCR Case No. 22-02226 at 2 (App. Bd. Oct. 27, 2023) (citing ISCR Case No. 15-06532 at 3 (App. Bd. Feb. 16, 2017)).

AG ¶ 20(b) does not fully apply. Applicant had a period of unemployment in 2022, and she provided funds to family and friends. These circumstances do not fully mitigate her financial issues. She did not assert good enough reasons or other circumstances partially or fully beyond her control, which caused her not to timely file multiple FIT and SIT returns and to pay or arrange payment plans to address the debts in SOR ¶¶ 1.c and 1.d.

AG ¶¶ 20(c), 20(d), and 20(e) do not apply. Applicant did not receive financial counseling, and there are not "clear indications that the problem is being resolved or is under control"; she did not demonstrate a "good-faith effort to repay overdue creditors or otherwise resolve debts" or file her overdue FIT and SIT returns for TYs 2022 and 2023; and she did not provide "documented proof to substantiate the basis" of any disputes for her responsibility to timely file her FIT and SIT tax returns for TYs 2022 and 2023 and the debts in SOR ¶¶ 1.c and 1.d.

A willful failure to timely make (means complete and file with the IRS) a FIT return is a misdemeanor-level federal criminal offense. Title 26 U.S.C. § 7203, willful failure to file return or supply information, reads:

> Any person . . . required by this title or by regulations made under authority thereof to make a return, keep any records, or supply any information, who willfully fails to . . . make such return, keep such records, or supply such information, at the time or times required by law or regulations, shall, in addition to other penalties provided by law, be guilty of a misdemeanor. . . .

A willful failure to make return, keep records, or supply information when required, is a misdemeanor offense without regard to the existence of any tax liability. *Spies v. United States*, 317 U.S. 492 (1943); *United States v. Walker*, 479 F.2d 407 (9th Cir. 1973); *United States v. McCabe*, 416 F.2d 957 (7th Cir. 1969); *O'Brien v. United States*, 51 F.2d 193 (7th Cir. 1931). For purposes of this decision, I am not considering Applicant's failure to timely file her FIT returns against her as a crime. Regarding the failure to timely file FIT returns, the 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). *See* ISCR Case No. 15-01031 at 4 (App. Bd. June 15, 2016) (citations omitted); ISCR Case No. 14-05476 at 5 (App. Bd. Mar. 25, 2016) (citing ISCR Case No. 01-05340 at 3 (App. Bd. Dec. 20, 2002)); ISCR Case No. 14-01894 at 4-5 (App. Bd. Aug. 18, 2015).

The Appeal Board in ISCR Case No. 15-01031 (App. Bd. June 15, 2016) explained that in some situations, even if no taxes are owed when tax returns are not timely filed, grant of access to classified information is inappropriate. In ISCR Case No. 15-01031 (App. Bd. June 15, 2016), the applicant filed his 2011 FIT return in December 2013, his 2012 FIT return in September 2014, and his 2013 FIT return in October 2015. He received FIT refunds of at least $1,000 each year. Nevertheless, the Appeal Board reversed the administrative judge's decision to grant access to classified information because the tax returns were not timely filed.

In ISCR Case No. 24-02193 at 5 (App. Bd. Feb. 19, 2026), the Appeal Board said:

> The mere filing of delinquent tax returns or the existence of a payment arrangement with an appropriate tax authority does not compel a Judge to issue a favorable decision. As with the application of any mitigating condition, the Judge must examine the record evidence and decide whether the favorable evidence outweighs the unfavorable evidence, or vice versa. The timing of corrective action is an appropriate factor for the Judge to consider in the application of mitigating condition 20(g) as well as in considering aspects of other overlapping mitigating conditions, such as, in

> determining whether an applicant acted responsibly under the circumstances, whether an applicant's past financial deficiencies are unlikely to recur, or whether an applicant initiated good-faith efforts to resolve financial problems.

The Appeal Board clarified that even in instances where an "[a]pplicant has purportedly corrected [his or her] federal tax problem, and the fact that [applicant] is now motivated to prevent such problems in the future, does not preclude careful consideration of [a]pplicant's security worthiness in light of [his or her] longstanding prior behavior evidencing irresponsibility" including a failure to timely file FIT returns. *See* ISCR Case No. 15-01031 at 3 & n.3 (App. Bd. June 15, 2016) (characterizing "no harm, no foul" approach to an applicant's course of conduct and employing an "all's well that ends well" analysis as inadequate to support approval of access to classified information with focus on timing of filing of tax returns after receipt of the SOR).

AG ¶ 20(g) is not applicable. Applicant has not filed all required FIT and SIT returns. She does not have an established IRS or SIT payment plan. The amount of taxes owed, if any, is unknown because all required tax returns are not filed.

Applicant's overall handling of her taxes leaves lingering security concerns. *See* ISCR Case No. 24-02104 at 2 (App. Bd. Jan. 26, 2026) (affirming denial of security clearance, and noting despite some mitigation under AG ¶ 20(g), that the evidence was insufficient to establish full mitigation).

Applicant made important progress by filing her 2024 and 2025 FIT returns. However, she failed to prove that she took timely, prudent, responsible, and good-faith actions regarding the other financial issues in SOR ¶¶ 1.a through 1.d. Her financial behavior raises unmitigated questions about her reliability, trustworthiness, and ability to protect classified information. *See* ISCR Case No. 23-02412 at 3 (App. Bd. Sept. 9, 2025). Under all the circumstances, and considering the evidence "as a whole," Applicant's financial failures in SOR ¶¶ 1.a through 1.d are not mitigated.

**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 the 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), "[t]he ultimate determination" of whether to grant a security clearance "must be an overall commonsense judgment based upon careful consideration of the guidelines" and the whole-person concept. My comments under Guideline F are incorporated in my whole-person analysis. Some of the factors in AG ¶ 2(d) were addressed under that guideline but some warrant additional comment.

Applicant is a 36-year-old owner-operator of a truck for secure loads, and she has worked for the government for three years. In 2008, she graduated from high school, and she has about 30 months of college.

The evidence supporting denial of Applicant's security clearance is detailed in the financial considerations section, *supra,* and this evidence is more persuasive than the evidence of mitigation at this time.

It is well settled that once a concern arises regarding an applicant's security clearance eligibility, there is a strong presumption against granting a security clearance. *See Dorfmont*, 913 F.2d at 1401. "[A] favorable clearance decision means that the record discloses no basis for doubt about an applicant's eligibility for access to classified information." ISCR Case No. 18-02085 at 7 (App. Bd. Jan. 3, 2020) (citing ISCR Case No.12-00270 at 3 (App. Bd. Jan. 17, 2014)).

I have carefully applied the law, as set forth in *Egan*, *Dorfmont*, Exec. Or. 10865, the Directive, the AGs, and the Appeal Board's jurisprudence to the facts and circumstances in the context of the whole person. Applicant failed to mitigate financial considerations security concerns.

This decision should not be construed as a determination that Applicant cannot or will not attain the state of reform necessary for award of a security clearance in the future. With continued effort to establish and maintain her financial responsibility, she may well be able to demonstrate persuasive evidence of her security clearance worthiness.

## 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:

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|---|---|
| Paragraph 1, Guideline F: | AGAINST APPLICANT |
| Subparagraphs 1.a through 1.d: | Against Applicant |

## Conclusion

I conclude that it is not clearly consistent with the interests of national security of the United States to grant or continue Applicant's national security eligibility for access to classified information. Eligibility for access to classified information is denied.

Mark Harvey
Administrative Judge