DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01152
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Carrol J. Connelley, Esq., Department Counsel
For Applicant: *Pro se*

08/03/2026

Decision

Dorsey, Benjamin R., Administrative Judge:

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

Statement of the Case

Applicant submitted a security clearance application (SCA) on June 26, 2024. On January 23, 2026, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F (financial considerations). Applicant responded to the SOR on March 3, 2026 (Answer), and requested a decision based on the written record.

The Government submitted its written file of relevant material (FORM) on March 31, 2026. A complete copy of the FORM was provided to Applicant, along with information advising him that he had 30 days from his date of receipt to make objections to evidence, and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on April 20, 2026, and provided a response dated May 6, 2026 (FORM Response). The case was assigned to me on June 29, 2026. The Government exhibits included in the FORM, marked as Items 1 through 7, and the FORM Response are admitted in evidence, without objection.

Findings of Fact

Applicant is a 45-year-old employee of a government contractor for which he has been employed since about June 2024. He has attended some community college without earning an undergraduate degree and earned an airframe and powerplant (A&P) license in 2009. He was married from 2001 until a divorce in 2010. He has resided with a cohabitant since February 2024. He has no children. He served on active duty with the Navy from 2002 until 2008, when he earned an honorable discharge. (Items 2, 3)

Under Guideline F, the Government alleged the following: Applicant did not timely file his federal income tax (FIT) returns for tax years (TYs) 2011 through 2022, as required, and his FIT returns for TYs 2011 through 2019 remain unfiled (SOR ¶ 1.a); and he failed to timely file his relevant state income tax returns (SIT) for TYs 2011 through 2022, as required, and his SIT returns for TYs 2011 through 2019 remain unfiled (SOR ¶ 1.b). (Item 1)

In the Answer, Applicant admitted the SOR allegations without additional comment. His admissions are incorporated into my findings of fact. He provided no documents with the Answer. The SOR allegations are established by his admissions, and the Government's evidence, including IRS account transcripts. (Item 2-7)

In the SCA, a December 2024 security interview (SI), the June 2025 interrogatory responses, the January 2026 interrogatory responses, and the FORM Response, Applicant elaborated on his financial issues, including his failure to comply with tax obligations. He claimed that, on the advice of a certified public accountant (CPA) he hired in March 2024, he filed his FIT and relevant SIT returns for TYs 2020 through 2022 in June 2024. IRS account transcripts confirm that he filed his FIT returns for TYs 2020 through 2022, as claimed (except they were received by the IRS in July and September 2024). He claimed this CPA advised him not to worry about filing his FIT and SIT returns for TYs 2011 through 2019, because he had enough money to cover any delinquent taxes he owed, and he would not receive a refund for those tax years. He thought this approach sounded reasonable, so he followed this advice. However, after talking to others and, more specifically, after speaking with the investigator during the SI, he decided he should file his FIT and SIT returns for TYs 2011 through 2019. (Items 2-7; FORM Response)

In May 2026, Applicant hired a tax company to file his FIT and SIT returns for TYs 2011 through 2019. He provided a letter from this tax company acknowledging it had received his documents and would prepare his FIT and SIT returns for filing for TYs 2011 through 2016. He claimed that he is waiting to receive his documents for TYs 2017 through 2019 from the CPA he hired in March 2024 in order to send them to the new tax company to prepare those FIT and SIT returns for filing. IRS transcripts reflect that he timely filed his FIT returns for TYs 2023 and 2024. As part of his interrogatory responses, he provided a letter from the CPA claiming that the CPA would file his SIT return for TYs 2020 through 2023. He also provided letters from two state taxation authorities reflecting that he does not owe past due state taxes. (Items 2-7; FORM Response)

Applicant claimed that he suffered financially beginning in 2009 because of layoffs and a long-term labor strike. As he had no savings, and after owing about $2,000 in FIT for TY 2010, he put off filing his FIT and SIT returns for a couple of years because he was afraid he would not have enough money to pay any tax delinquencies. It took him longer than he anticipated to rebuild his savings, and he was worried that if he filed his FIT and SIT returns, the IRS might garnish what little earnings he had, or they might even incarcerate him. He claimed this fear is why he avoided his tax obligations for so long. He also claimed that the IRS never contacted him, so he "never became overly worried about it." He claimed that if the IRS contacted him about debts, he would have immediately corrected the situation. He claimed that he pays his bills on time, he has a credit score of 750, and he understands the importance of financial responsibility. (Items 2-7; FORM Response)

Policies

This case is adjudicated 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), which became effective within DOD on June 8, 2017.

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(c), 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 classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

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 is potentially applicable in this case:

> (f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

Applicant did not meet his FIT or SIT return filing requirements for the 2011 through 2022 TYs, and his FIT and SIT returns for TYs 2011 through 2019 remain unfiled. The above disqualifying condition is established.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

> (a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;
>
> (b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances; 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.

I note that the Defense Office of Hearings and Appeals (DOHA) Appeal Board has held that failure to comply with tax laws suggests that an applicant has a problem with abiding by well-established government rules and systems. Voluntary compliance with rules and systems is essential for protecting classified information. *See, e.g.,* ISCR Case No. 16-01726 at 5 (App. Bd. Feb. 28, 2018). A person who fails repeatedly to fulfill his or her legal obligations, such as filing tax returns and paying taxes when due, 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. 17-01382 at 4 (App. Bd. May 16, 2018).

Against that backdrop, while he has now filed his FIT and SIT returns for TYs 2020 through 2024, Applicant has yet to file his FIT and SIT returns for TYs 2011 through 2019. His failure to comply with his FIT and SIT return filing requirements is ongoing. AG ¶ 20(a) does not apply.

Applicant did not provide evidence to prove that his untimely FIT and SIT return filings arose from conditions largely beyond his control. While he suffered from layoffs and a prolonged labor strike that limited his income, a lack of income does not excuse a failure to file FIT and SIT returns. Even if I were to consider that those filing failures arose because of those circumstances, his failure to file his FIT and SIT returns for TYs 2011 through 2019 by mid-2026 means he has not acted responsibly under the circumstances. AG ¶ 20(b) does not apply.

Applicant has now filed his FIT and SIT returns for TYs 2020 through 2024. However, he still has not filed those returns for TYs 2011 through 2019, and we are mid-way through 2026. He also has not provided any evidence that he has an arrangement with the IRS or the relevant state taxation authorities, and that he is in compliance with those arrangements. AG ¶ 20(g) is not applicable.

Whole-Person Concept

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for a security clearance by considering the totality of the applicant's conduct and all relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

> (1) the nature, extent, and seriousness of the conduct; (2) the circumstances surrounding the conduct, to include knowledgeable participation; (3) the frequency and recency of the conduct; (4) the individual's age and maturity at the time of the conduct; (5) the extent to which participation is voluntary; (6) the presence or absence of rehabilitation and other permanent behavioral changes; (7) the motivation for the conduct; (8) the potential for pressure, coercion, exploitation, or duress; and (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I considered the potentially disqualifying and mitigating conditions in light of all the facts and circumstances surrounding this case. I have incorporated my comments under Guideline F in my whole-person analysis. I have considered Applicant's military service. However, without adequate justification, he failed to fulfill his tax filing obligations for over a decade and has unmitigated federal and state income tax issues that now stretch back up to 15 years ago. I conclude Applicant did not mitigate the financial considerations 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

Conclusion

It is not clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is denied.

Benjamin R. Dorsey
Administrative Judge