DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-00880
	)	
Applicant for Security Clearance	)	

Appearances

For Government: Andre M. Gregorian, 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 May 15, 2023. On December 31, 2025, 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 January 17, 2026 (Answer), and requested a decision based on the written record.

The Government submitted its written file of relevant material (FORM) on March 30, 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 21, 2026, and did not provide a response. The case was assigned to me on June 29, 2026. The Government exhibits included in the FORM, marked as Items 1 through 10, are admitted in evidence, without objection.

Findings of Fact

Applicant is a 51-year-old employee of a government contractor for which he has been employed since about May 2023. He earned a bachelor's degree in 2010. He was married from 2003 until a divorce in June 2017. He has two adult children. He served on active duty with the Navy from 2003 until 2008, when he earned an honorable discharge. He was on inactive reserve duty with the Navy from 2008 until 2011, when he earned another honorable discharge. (Items 3, 6)

Under Guideline F, the Government alleged the following: Applicant did not file his federal income tax (FIT) returns for tax years (TY) 2015, 2018, 2021, and 2022, as required (SOR ¶ 1.a); he failed to file his State A income tax returns (SAIT) for TYs 2015 through 2018, as required (SOR ¶ 1.b); he failed to file his State B income tax returns (SBIT) for TYs 2018 through 2022, as required (SOR ¶ 1.c); he is indebted to the federal government for delinquent taxes for TY 2017 in the approximate amount of $13,417 (SOR ¶ 1.d); he filed Chapter 7 bankruptcy in February 2016 that was discharged in May 2016 (SOR ¶ 1.e); he was delinquent on two consumer accounts in the approximate amount of about $8,200 (SOR ¶¶ 1.f and 1.g); and he was delinquent on two federal student loan accounts in the approximate amount of $200 on account balances totaling about $4,500 (SOR ¶¶ 1.h and 1.i). (Item 1)

In the Answer, Applicant admitted the SOR allegations with additional comments. His admissions are incorporated into my findings of fact. He claimed that he failed to file his FIT after a difficult divorce, but he has now filed his missing FITs and reduced his tax balance with an IRS payment arrangement that he maintained until he became unemployed on an unspecified date. He claimed he does not have a balance for delinquent taxes with either State A or State B. He acknowledged filing bankruptcy in 2016 and claimed that he made payments on his student loans. He claimed that the consumer account in SOR ¶ 1.f has been charged off, and, for the account in SOR ¶ 1.g, he is not "knowledgeable of the details of this account." He provided no documents with the Answer. The SOR allegations are established by his admissions, and the Government's evidence, including IRS account transcripts, PACER documents, and credit reports. (Item 2-10)

In January 2024, April 2024, and July 2025, Applicant answered interrogatories from the Defense Office of Hearings and Appeals (DOHA). Applicant provided a personal financial statement (April PFS) with his April 10, 2024 DOHA interrogatory responses reflecting a budget surplus of about $1,514 and $2,000 in a bank account. It also reflects a $200 monthly expense to aidvantage, a servicer for Federal Student Aid. Applicant did not list any federal or state income tax expenses or debts in the April PFS. He also provided a personal financial statement with his January 9, 2024 DOHA interrogatory responses. (January PFS). He provided IRS account transcripts that confirm his failure to file FITs for the TYs alleged in SOR. The transcripts also reflect the federal tax delinquency alleged in SOR ¶ 1.d. as of December 25, 2023, and confirm that he made intermittent payments to the IRS for this TY prior to that date, but not that he is currently in a payment plan. His IRS account transcripts reflect that he timely filed his FIT returns for TYs 2023 and 2024, and that he has no outstanding balance for those TYs. In his July 2025 interrogatory answers, he authenticated a summary of his security interview (SI) with a DCSA investigator in August 2024. (Items 4-6)

During the SI, Applicant discussed his FIT return filing deficiencies and his delinquent federal taxes. He claimed that his FIT difficulties began when he was self-employed, unemployed, and went through a divorce. He claimed that he planned to hire a certified public accountant (CPA), but that plan fell through the cracks. He acknowledged that his choice to not file FIT returns was "deliberate," but will file his FIT returns in the future if he is "forced to." When the investigator asked him what he meant by "forced to," he said he meant that if the IRS threatens to take action against him. He opined that the IRS should fix their process and, since he is having taxes automatically deducted, he should not have to file his FIT returns. He acknowledged receiving "trash mail" from the IRS notifying him of his tax delinquencies and last spoke to someone from the IRS about four years prior to the SI. (Item 6)

During the SI, he discussed the account in SOR ¶ 1.f, claiming that it was a vehicle loan where the creditor repossessed the vehicle in 2020. He last made a payment on the account in 2019. He claimed that he has not been able to pay the remaining balance because of a reduction in income. He also acknowledged his 2016 Chapter 7 bankruptcy filing and discharge. The Government provided evidence from PACER and credit reports corroborating this information. (Items 6-10)

Applicant provided no evidence or documents to support his claim that he is not familiar with the debt alleged in SOR ¶ 1.g, such as correspondence to the creditor or credit reporting agencies of a credible dispute indicating he did not believe he was responsible for that debt and why he held such a belief. The May 2026 credit report reflects that the federal student loan accounts alleged in SOR ¶¶ 1.h and 1.i are current after having been 120 days delinquent. (Items 9, 10)

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 are potentially applicable in this case:

> (a) inability to satisfy debts;
>
> (c) a history of not meeting financial obligations; and
>
> (f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

Applicant owes delinquent federal taxes for TY 2017 in the approximate amount of $13,417. He did not meet his FIT, SAIT, or SBIT return filing requirements for several tax years. He filed a Chapter 7 bankruptcy petition and had debts discharged in 2016, and he had several other delinquent financial accounts. The above disqualifying conditions are 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;
>
> (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.

At the outset, I find for Applicant with respect to the allegations in SOR ¶¶ 1.e, 1.h, and 1.i. While I note that his financial issues have persisted after the bankruptcy filing and discharge, those issues are specifically alleged in separate subparagraphs of the SOR, and it has been over 10 years since he specifically filed for bankruptcy protection. As evidenced by the information contained in the May 2026 credit report, the accounts in SOR ¶¶ 1.h and 1.i are current and were delinquent in fairly insignificant amounts.

With respect to Applicant's tax issues, I note that the 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, I will first analyze the mitigating factors potential applicability to Applicant's failure to file his FIT, SAIT, and SBIT returns, as required (SOR ¶¶ 1.a, 1.b, and 1.c), and then I will analyze mitigation concerning delinquent federal taxes (SOR ¶ 1.d). It is reasonable to expect Applicant to present documentation about the resolution of specific debts. *See*, *e.g.,* ISCR Case No. 15-03363 at 2 (App. Bd. Oct. 16, 2016). Applicant claimed that he has resolved his FIT return filing failures, but he provided no documentary evidence to support that claim. He acknowledged that he has not resolved his SAIT or SBIT return filing failures, so those issues are ongoing. Given these circumstances, I do not find that his delinquent FIT, SAIT, or SBIT return filings are unlikely to recur. AG ¶ 20(a) does not apply to SOR ¶¶ 1.a, 1.b, and 1.c.

Applicant provided evidence to prove that his untimely FIT, SAIT, and SBIT return filings arose from conditions largely beyond his control. He claimed that unemployment and the dissolution of his marriage caused these issues. However, he must also show that he acted responsibly under the circumstances. He has not done so, because he provided insufficient evidence that he filed his missing FIT, SAIT, and SBIT returns. AG ¶ 20(b) does not apply to SOR ¶¶ 1.a, 1.b, and 1.c.

AG ¶ 20(d) references good-faith efforts to repay or otherwise resolve debts, so it is inapplicable to FIT, SAIT, and SBIT return filings. AG ¶ 20(g) has no applicability to SOR ¶¶ 1.a, 1.b, and 1.c. because Applicant provided insufficient evidence through documents to show that he has now filed the FIT, SAIT, and SBIT returns alleged in the SOR.

While Applicant claimed that he reduced his federal tax delinquency for TY 2017, he provided no documents to corroborate those assertions. Applicant's federal tax delinquencies are recent and ongoing. Therefore, I do not find they are unlikely to recur. Given the insufficiency of his corroborating evidence, he failed to establish that he acted responsibly under the circumstances, failed to establish that he made a good-faith effort to repay or otherwise resolve his federal tax debt, and failed to establish that he has made arrangements with the IRS to pay the amount owed. AG ¶¶ 20(a), 20(b), 20(d), and 20(g) do not apply to the delinquent federal taxes alleged in SOR ¶ 1.d.

Applicant has not provided sufficient evidence that any of the mitigating factors apply to the accounts in SOR ¶¶ 1.f and 1.g. He has not made a payment on the account in SOR ¶ 1.f since 2019 and has not contacted the creditor to attempt to resolve the debt. He has not attempted to resolve the account listed in SOR ¶ 1.g. He claimed that he did not recognize this account, which is a reasonable basis to dispute the legitimacy of the debt. However, he has not provided documentary evidence to substantiate the dispute or provided evidence of actions to resolve the issue.

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 his military service. However, Applicant has unmitigated federal and state income tax issues and has not attempted to resolve two consumer debts. 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.d:	Against Applicant
Subparagraph 1.e:	For Applicant
Subparagraphs 1.f-1.g:	Against Applicant

Subparagraphs 1.h-1.i: For 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