In the matter of:	)	
	)	
	)	ISCR Case No. 25-01544
	)	
Applicant for Security Clearance	)	

Appearances

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

09/10/2026

Decision

FOREMAN, LeRoy F., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Clearance is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on May 1, 2024. On February 25, 2026, the Defense Counterintelligence and Security Agency (DCSA) sent her a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DCSA acted under Executive Order (Exec. Or.) 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) promulgated in Security Executive Agent Directive 4, *National Security Adjudicative Guidelines* (December 10, 2016), which became effective on June 8, 2017.

Applicant answered the SOR on March 20, 2026, and requested a hearing before an administrative judge. Department Counsel was ready to proceed on April 28, 2026. The case was assigned to me on June 2, 2026. On June 15, 2026, the Defense Office of

Hearings and Appeals (DOHA) notified Applicant that the hearing was scheduled to be conducted by video teleconference on July 30, 2026. On June 22, 2026, DOHA notified Applicant that the hearing was rescheduled for August 18, 2026. I convened the hearing as rescheduled. Government Exhibits (GX) 1 through 3 were admitted in evidence without objection.

Applicant testified but did not present the testimony of any other witnesses or submit any documentary evidence. I kept the record open until August 31, 2026, to enable her to submit documentary evidence. She timely submitted Applicant's Exhibits (AX) A through M,[1] which were admitted without objection. DOHA received the hearing transcript on September 1, 2026.

Findings of Fact

The SOR alleges that Applicant failed to file federal income tax returns as required for tax years 2023 and 2024 (SOR ¶ 1.a) and failed to file state income tax returns as required for tax year 2024 (SOR ¶ 1.b). In Applicant's answer to the SOR, she admitted both allegations. Her admissions are incorporated in my findings of fact.

Applicant is a 24-year-old electrical engineer employed by a defense contractor since January 2024. She received a bachelor's degree in December 2023. She is not married and has no children. She has never held a security clearance.

When Applicant submitted her SCA, she disclosed that she did not file federal or state income tax returns for tax year 2022 because she was unable to obtain W-2 Forms reflecting her income. (GX 1 at 36) When she responded to DCSA interrogatories in September 2025, she stated that she was in college from 2020 to 2023 and did not file her tax returns for some years because she knew that no taxes were due. (GX 2 at 2) She submitted a copy of her state tax income return for tax year 2023 reflecting that she received a refund of $547. (GX 2 at 21) She stated that she electronically filed her federal income tax return for 2023 late, and she was contacted by the IRS in September 2025 because her return for 2023 could not be processed. (GX 2 at 25) She contacted the IRS and was informed that someone had already filed a return in her name for that tax year, indicating identity theft. (GX 2 at 25) She owed no federal taxes and was entitled to a refund of about $2,135 for tax year 2023, which could have been collected by the person who stole her identity. (AX B) The IRS instructed her to file an IRS Form 14039 (Identity Theft Affidavit) in person and to file future returns by mail instead of electronically.

In January 2026, Department Counsel contacted Applicant and requested that she provide additional information about her income tax returns for 2021, 2023, and 2024. In response, Applicant replied that she had not filed her federal income tax return for 2024, because she had not received any follow-up information from the IRS after submitting the

[1] Applicant numbered her post-hearing exhibits. To avoid confusion with Government Exhibits, I have marked her exhibits as Applicant's Exhibits A through M.

IRS Form 14039. She stated that she intended to consult a tax professional because of her inexperience with tax issues. (GX 3)

In July 2026, the IRS notified Applicant that her identity theft claim had been verified, and that she would be provided with an identity protection personal identification number to be used for future income tax returns. (AX I and J). The IRS informed her that she should continue to timely file her federal income tax returns, and that her returns would be reviewed for the possibility of identity theft. (AX I and J)

At the hearing on August 18, 2026, Applicant testified that she had not filed her federal income tax return for tax year 2024, because she thought it would be best to wait until the identity theft investigation was completed. (Tr. 18) On cross-examination, she testified that she thought the IRS suspected her of tax fraud, which is why she took no action to file her 2024 tax return. (Tr. 22) I found her explanation implausible and unpersuasive, because the July 2026 letter from the IRS clearly informed her that her claim had been verified and that the IRS regarded her as a victim, not a suspect, and it instructed her to continue filing timely income tax returns.

After the hearing, Applicant provided W-2 Wage and Tax Statements for tax years 2023, 2024, and 2025, along with a statement of her computations, based on the IRS tax tables, that she did not owe any state and federal taxes for tax years 2023, 2024, and 2025. (AX B, C, and D) As of the date the record closed, she had provided no evidence that she had her filed federal and state income tax returns for tax year 2024, and no evidence that she had sought or received advice from a tax professional.

I have taken administrative notice of IRS Publication 501 for tax year 2024, which sets out the requirement for filing a federal income tax return for tax year 2024 if a single taxpayer has an annual gross income of more than $14,600. Applicant's W-2 Wage and Tax Statement reflects gross income exceeding that amount for tax year 2024. (AX C) I have also taken administrative notice of 26 U.S.C. § 7203, which makes willful failure to timely file a federal income tax return a misdemeanor punishable by up to one year in prison and a fine up to $25,000.

Applicant's performance rating for 2024 was "exceeds expectations," the second highest on a five-point scale. It comments on her "rapid growth, maturity, and willingness to do whatever was required of her section," and to stand out amongst the new hires in 2024. (AX K) Her performance ratings for 2025 and 2026 reflect that she "far exceeds expectations," which is the highest rating. (AX L and M)

Policies

"[N]o 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 Defense or his designee to grant applicants 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 § 2.

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, an administrative judge applies these guidelines 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 and reliable information about the person, past and present, favorable and unfavorable.

The Government reposes a high degree of trust and confidence in persons 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 that 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 made "in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned." Exec. Or. 10865 § 7. Thus, a decision to deny a security clearance is merely an indication the applicant has not met the strict guidelines the President and the Secretary of Defense 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* at 531. Substantial evidence is "such relevant evidence as a reasonable mind might accept as adequate to support a conclusion in light of all the contrary evidence in the same record." See ISCR Case No. 17-04166 at 3 (App. Bd. Mar. 21, 2019). It is "less than the weight of the evidence, and the possibility of drawing two inconsistent conclusions from the evidence does not prevent [a Judge's] finding from being supported by substantial evidence." *Consolo v. Federal Maritime Comm'n,* 383 U.S. 607, 620 (1966). "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. ISCR Case No. 15-01253 at 3 (App. Bd. Apr. 20, 2016).

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 burden of proving a mitigating condition, and the burden of disproving it never shifts to the Government. *See* ISCR Case No. 02-31154 at 5 (App. Bd. Sep. 22, 2005).

An applicant "has the ultimate burden of demonstrating that it is clearly consistent with the national interest to grant or continue his security clearance." ISCR Case No. 01-20700 at 3 (App. Bd. Dec. 19, 2002). "[S]ecurity clearance determinations should err, if they must, on the side of denials." *Egan* at 531.

Analysis

Guideline F, Financial Considerations

The security concern under this guideline 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. . . ."

Applicant's admissions and the evidence submitted at the hearing establish that Applicant timely filed her state income tax return for tax year 2023 and that she filed her federal income tax return for 2023, but it was late and was not processed because of the evidence of identity fraud. She admitted that she did not file her federal and state income tax returns for 2024. This evidence establishes the disqualifying condition in AG ¶ 19(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 following mitigating conditions are potentially applicable:

> AG ¶ 20(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;
>
> AG ¶ 20(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
>
> AG ¶ 20(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.

None of these mitigating conditions are established. Applicant was a victim of identity fraud, which was a condition largely beyond her control, but she has not acted responsibly. Her failures to file income tax returns are recent. She was notified by the IRS on July 20, 2026, before the hearing convened, that the identity fraud issue had been resolved. She was notified before and during the hearing that her failures to timely file income tax returns for 2024 raised security issues. She was given additional time after the hearing to resolve her tax issues, but she had not resolved them as of the date when the record closed.

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). A clearance adjudication is not directed at collecting debts. 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. *See* ISCR Case No. 07-08049 at 5 (App. Bd. Jul. 22, 2008).

Whole-Person Analysis

Under AG ¶ 2(c), the 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. An administrative judge must evaluate an applicant's security eligibility by considering the totality of the applicant's conduct and all the relevant circumstances. An 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.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). After weighing the disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude Applicant has not mitigated the security concern raised by her failure to timely file federal and state income tax returns for tax year 2024.

The determination of an individual's eligibility and suitability for a security clearance is not a once in a lifetime occurrence, but is based on applying the factors, both disqualifying and mitigating, to the evidence presented. Applicant is a talented engineer, but she has not demonstrated the level of voluntary compliance with rules required of persons entrusted with classified information. While she may be able to qualify for a security clearance at some time in the future, she has not demonstrated the required level of trustworthiness at this time.

Formal Findings

I make the following formal findings on the allegations in the SOR:

Paragraph 1, Guideline F (Financial Considerations):	AGAINST APPLICANT
Subparagraph 1.a:	For Applicant for tax year 2023 and against Applicant for tax year 2024
Subparagraph 1.b:	Against Applicant

Conclusion

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

LeRoy F. Foreman
Administrative Judge