DEFENSE LEGAL SERVICES AGENCY
DEFENSE OFFICE OF HEARINGS AND APPEALS

In the matter of:	)	
	)	
	)	ISCR Case No. 25-01545
	)	
Applicant for Security Clearance	)	

Appearances

For Government: George A. Hawkins, Esq., Department Counsel
For Applicant: *Pro se*

08/25/2026

Decision

DRISKILL, A. M., Administrative Judge:

Applicant did not mitigate the security concerns under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

On December 18, 2025, the Defense Counterintelligence and Security Agency (DCSA) issued a Statement of Reasons (SOR) to Applicant detailing security concerns under Guideline F. Applicant responded to the SOR on January 5, 2026 (Answer) and requested a decision on the written record in lieu of a hearing. The Government's written case was submitted on May 28, 2026. A complete copy of the file of relevant material (FORM) was provided to Applicant, who was afforded an opportunity to file objections and submit material to refute, extenuate, or mitigate the security concerns. Applicant received the FORM on June 5, 2026, and he did not respond. The case was assigned to me on July 31, 2026. The Government exhibits included in the FORM (Items 3-7) are admitted in evidence without objection.

Findings of Fact

The SOR alleges Applicant is indebted to the Federal government for delinquent taxes spanning tax years (TY) 2015 to 2021, totaling $82,765 (SOR ¶¶ 1.a-1.g); he is indebted to State A for delinquent taxes for TY 2018, 2019, and 2024, totaling $12,771 (SOR ¶¶ 1.h-1.j); and he has five delinquent consumer debts, totaling $7,636 (SOR ¶¶ 1.k-1.o). He admitted all the allegations except SOR ¶ 1.l. All the tax allegations are established by account transcripts and account summaries provided in Applicant's interrogatory responses and the alleged delinquent consumer debts are established by Applicant's December 2025 credit bureau report. (Item 6)

Applicant is 54 years old. He graduated from high school in 1991. He has been married since 2004 and has two adult children. He has worked for his current employer since 2017. This is his first security clearance investigation. (Item 3)

On his January 2025 security clearance application (SCA), Applicant reported that he had about $50,000 in delinquent Federal tax debt, starting in 2015. He attributed the debt to his spouse's job loss and the housing market and stated that they had established a payment plan with the Internal Revenue Service (IRS). He stated that he and his spouse increased their federal withholdings and that all refunds are applied to the tax debt. (Item 3)

Applicant had a background subject interview (SI) with a government investigator in April 2025. Applicant explained that his wife lost her job around 2014 or 2015, so they took cash out of a 401(k) retirement account. After filing their taxes, they received a letter from the IRS informing them that they needed to pay additional taxes on the money they had taken out. An IRS agent was sent to their home and, according to Applicant, the agent set them up with a payment plan of about $150 a month. Applicant told the investigator that, from 2016 to 2020, every refund they received would go toward taxes owed while he continued to pay the $150 a month (in fact, they did not receive any refunds for TY 2016-2020, see below). (Item 7)

Applicant told the investigator that his wife lost her job again in 2021 and they took more money out of a 401(k) retirement account. They continued working with the same IRS agent, and in 2024, they increased their payments to $540 a month. Applicant stated they have been paying that amount since 2024. He provided a letter to the investigator from the IRS (not included in evidence) from February 2025 stating that he had a balance due of $12,661. After receiving the letter, he contacted the agent he had been working with, and she confirmed that his monthly payments were bringing the total down. Applicant was also asked about SOR ¶¶ 1.k, 1.m, 1.n, and 1.o. He recognized each account but did not think any of them were delinquent. He intended to investigate each account further. (Item 7)

In his September 2025 response to Government interrogatories, Applicant was asked whether he had paid the debts listed in SOR ¶¶ 1.k, 1.m, and 1.n, and he stated that they were all unpaid. He also listed his Federal and State A tax debt as unpaid but reported that he had made payment arrangements on the debts and was making payments. He explained that the debts were incurred due to job loss, early withdrawals from retirement funds, and heavy credit card use. He stated they were contacted by an IRS auditor and entered into a plan that involved adding an additional amount to his withholding, and he provided a copy of his IRS Form W-4 from March 2022 reflecting extra withholding of $348. He also stated $175 a month was being paid to State A and included a copy of a pay stub reflecting a garnishment of $175 per pay period. (Item 4)

Applicant included IRS tax account transcripts in his interrogatory response that reflected the following information:

- TY 2024: Zero balance, $7,336 credit applied to TY 2015 in April 2025.

- TY 2023: Zero balance, $8,770 credit applied to TY 2013 and $1,676 credit applied to TY 2014.

- TY 2022: Zero balance, $4,809 credit applied to TY 2010.

- TY 2021: $13,310 balance. A lien was placed on assets in June 2022, and an installment agreement was established in July 2022, but no payments are listed. A Notice of Intent to Levy was issued in May 2023, and subsequently in October 2023, the IRS certified Applicant's seriously delinquent tax debt to the U.S. State Department, thereby restricting his passport eligibility. The certification was reversed and re-established several times over the course of about ten months, culminating in a final recertification in July 2024. The final entry in February 2025 reflects that a levy was issued pursuant to the Federal Payment Levy Program.

- TY 2020: $9,682 balance. A lien was placed on assets in April 2022, and the subsequent transactions essentially follow that of TY 2021 with some slight date variances. The final entry is identical to TY 2021.

- TY 2019: $8,980 balance. The relevant transactions closely track those of TY 2020.

- TY 2018: $6,590 balance. The relevant transactions closely track those of TY 2019.

- TY 2017: $22,571 balance. A lien was placed on assets in May 2019, and in November 2019, Applicant's tax debt was certified as seriously delinquent to the State Department. Beginning in March 2022, the transactions closely track those of TY 2018.

- TY 2016: $10,622 balance. A levy was issued in October 2018, and a lien was placed on assets in May 2019. The subsequent transactions closely track those of TY 2017.
- TY 2015: $11,011 balance. A levy was issued in April 2017 and again in October 2018, after which the transactions closely track those of TY 2016. This transcript was created on July 7, 2025, and does not reflect the TY 2024 refund applied to the balance in April 2025.

Apart from the refunds applied to prior year debts, none of the transcripts reflect payments made toward any tax debts. (Item 4)

Applicant included a State A modification of withholding order from December 2022 indicating his payment would be $175 every pay period. It is addressed to his employer and does not require or reflect Applicant's signature, indicating that the garnishment is involuntary. An August 26, 2025 State A account summary shows a $3,264 balance for TY 2024, a $6,453 balance for TY 2019, and a $3,054 balance for TY 2018. (Item 4)

Applicant also stated in his interrogatory response that he was unaware of the unpaid consumer accounts until the background investigation, when he found out they were accounts his spouse had opened. He tried to reach out to the creditors who had purchased the debt, but they used foreign call centers which he was unwilling to provide his personal information to. He included a personal financial statement reflecting a monthly net remainder of $535, although he does not list IRS payments as one of the monthly expenses or debts. A November 2025 response to a second set of Government interrogatories did not yield any updated information. (Items 4, 5)

In his Answer to the SOR, Applicant explained that the tax debts were due to: the COVID-19 pandemic, economic strain and his spouse losing her job (TY 2021); financial hardship/economic strain (TY 2020-2018, 2015); economic strain and an early withdrawal from retirement savings to cover a housing relocation (TY 2017); and economic strain and preparation to relocate out of state for work (TY 2016). He stated that he worked with the IRS and adjusted his withholding, resulting in refunds in TY 2022-2024 applied to earlier debt. He stated that the balance of each TY is being reduced through "applied credits" and no new tax debt has been incurred. He stated he initiated an IRS installment agreement on March 5, 2026, to resolve his remaining tax balance but did not provide evidence of the installment agreement, nor did he provide a history of timely payments either in his Answer or in a response to the FORM. (Item 2)

Applicant stated in his Answer that State A is garnishing his wages in the amount of $350 a month and applying the payments toward his three state tax debts. He stated that he has been requesting validation of his consumer debts but has not received documentation verifying any of the accounts. He is disputing them with the credit reporting agencies. He stated that he will resolve the debts if they are legitimately his. He did not explain why he denied SOR ¶ 1.l. (Item 2)

Applicant stated throughout his Answer that he acknowledges his responsibility and understands the seriousness of failing to pay taxes; he now personally reviews his tax filings and confirms adequate withholding; he monitors his credit regularly; and he has maintained his other financial obligations and does not have a pattern of financial irresponsibility. (Item 2)

Policies

This case is adjudicated under Executive Order 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 by the DOD on June 8, 2017.

"[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*, 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. 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*, 484 U.S. at 531.

Analysis

Guideline F, Financial Considerations

The 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. 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 Government has established the delinquent debt alleged in SOR ¶ 1.l with the December 2025 credit bureau report. The evidence in the FORM, specifically the credit bureau report and Applicant's admissions, establish the following disqualifying conditions under this guideline:

AG ¶ 19(a): inability to satisfy debts;

AG ¶ 19(c): a history of not meeting financial obligations; and

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;

AG ¶ 20(d): the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts;

AG ¶ 20(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

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.

Applicant attributes his tax debt to a variety of circumstances, such as his spouse losing her job twice, early 401(k) distributions, work relocations, and general financial hardship. Not all of those circumstances were outside of his control but, for those that were, he has not provided sufficient evidence of responsible action taken. Seizure of his recent Federal tax refunds is not evidence of responsible action, nor is the involuntary wage garnishment State A is using to pay down his state tax debt. He has stated that he was making payments to the IRS for years, but he did not provide any documentation of an installment agreement nor a history of timely payments. It is reasonable to expect an Applicant to present documentation corroborating actions taken to resolve debts.

Given the notations on the tax account transcripts that refunds were applied to unalleged TY 2010, 2013, and 2014 debts, it is reasonable to conclude that any payments he has made over the years would have been applied to those debts because the IRS applies payments to the oldest debts first. Those transcripts are not in the record, however, and in the absence of any documentation of payments, his word alone that he made payments is not sufficiently mitigating. Furthermore, there is no evidence that the TY 2015-2021 debts were ever successfully enrolled in an installment agreement. There is a July 2022 transcript entry stating that an installment agreement was established, but shortly after that the IRS continued with its aggressive enforcement measures, which indicate that that agreement was unsuccessful. Applicant stated he entered into a new agreement in March 2026, but he provided no evidence of the agreement nor a history of timely payments made toward it. None of the mitigating conditions apply to the Federal and State A delinquent tax debt.

Applicant's most recent statements about his delinquent consumer debts indicate that he is disputing them. He did not provide a reasonable basis to dispute their legitimacy, and in prior statements he recognized the debts and stated that they were accounts his spouse had opened (except for SOR ¶ 1.l, which he was never asked about), so it is unclear why he now questions their legitimacy. In any case, he did not provide documented proof to substantiate the basis of the disputes, nor did he provide evidence of actions taken to resolve the issues. All the debts remain delinquent; therefore, the financial concerns are recent and ongoing. He has not established that his financial problems are being resolved or are under control. He has not initiated or adhered to good-faith efforts to repay his creditors or otherwise resolve his debts. None of the mitigating conditions apply to the delinquent consumer debts.

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.

Overall, the record evidence leaves me with questions and doubts about Applicant's eligibility and suitability for a security clearance. 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.o: Against Applicant

Conclusion

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

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A. M. Driskill
Administrative Judge