



**DEPARTMENT OF DEFENSE
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:)
)
) ISCR Case No. 25-00208
)
Applicant for Security Clearance)

Appearances

For Government: Cynthia Ruckno, Esq., Department Counsel
For Applicant: *Pro Se*

12/17/2025

Decision

HOGAN, Erin C., Administrative Judge:

This case involves security concerns raised under Guideline F (Financial Considerations). Eligibility for access to classified information is denied.

Statement of the Case

Applicant submitted a security clearance application (SCA) on March 1, 2024. On February 28, 2025, the Defense Counterintelligence and Security Agency (DCSA) sent him a Statement of Reasons (SOR) alleging security concerns under Guideline F. The DCSA acted 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) implemented by the DOD on June 8, 2017.

On March 10, 2025, Applicant answered the SOR and requested a decision based on the written record in lieu of a hearing. On June 9, 2025, the Government sent Applicant a complete copy of its written case, a file of relevant material (FORM), including pleadings and evidentiary documents identified as Items 1 through 7. He was given an opportunity

to submit a documentary response setting forth objections, rebuttal, extenuation, mitigation, or explanation to the Government's evidence. He received the FORM on June 17, 2025. He was given 30 days to submit a Response to the FORM. He timely submitted a response. His response consisted of a 19-page document. The Government did not object to the Applicant's Response to the FORM. It was marked and admitted as Item 8. The case was forwarded to the DOHA Hearing Office on August 21, 2025, and assigned to me on December 4, 2025.

Evidentiary Matters

Items 1 - 2 contain the pleadings in the case and are part of the record. Items 3 – 8 are admitted into evidence.

Findings of Fact

In his response to the SOR, Applicant admitted the allegations in SOR ¶¶ 1.a, 1.b, 1.e – 1.h, and 1.j, and denied the allegations in SOR ¶¶ 1.c, 1.d, and 1.i.

Applicant, age 58, is a part-time employee of a DOD contractor who is seeking a security clearance. The record is unclear as to how long he has worked for the DOD contractor, an estimate would be since March 2024. He also works another full-time job that does not require a security clearance. He served on active duty in the United States Air Force from June 1986 to February 1992, separating with an honorable discharge. From June 1995 to July 1997, he served on active duty in the United States Army. He separated with an honorable discharge. He held a security clearance while on active duty. He has a high school diploma and some college credit. He is twice divorced and lives with his partner and has three adult children. (Item 3)

The SOR alleged delinquent federal tax accounts for tax years 2015 and 2016, an approximate total balance of \$11,641 (SOR ¶ 1.a: Item 5 at 10-18 and SOR ¶ 1.b: Item 5 at 10, 16); Applicant failed to file his federal income tax return for tax year 2017 (SOR ¶ 1.c: Item 10); and Applicant owed approximately \$226 in past-due state income taxes. (SOR ¶ 1.d)

The SOR also alleged six delinquent accounts, an approximate total balance of \$11,022. The debts include: a \$4,232 delinquent account that was charged off (SOR ¶ 1.e: Item 5 at 4, 9; Item 6 at 2; Item 7 at 2); a \$3,459 delinquent cell phone account that was placed for collection (SOR ¶ 1.f: Item 5 at 5, 9; Item 6 at 2; Item 7 at 3); a \$1,742 delinquent credit card account that was placed for collection (SOR ¶ 1.h: Item 5 at 6, 9; Item 7 at 3); a \$175 delinquent account that was placed for collection (SOR ¶ 1.i: Item 6 at 3); and a \$146 delinquent account that was placed for collection. (SOR ¶ 1.j: Item 6 at 3)

Applicant had several periods of unemployment or under-employment. In his response to the FORM, he indicates that he was unemployed from August 2022 to January 2023. (Item 8 at 10) In response to Section 13A – Employment Activities on his

March 2024 SCA, he indicates that he has worked seasonal jobs from August 2023 to the present. From August 2019 to August 2023, he worked for Employer A. In August 2023, he left employment with Employer A by mutual agreement after allegations of misconduct were raised against him by a female associate. Prior to his employment with Employer A, he worked part-time from February 2019 to August 2019. He was unemployed from February 2017 to March 2018; and from January 2011 to December 2017, he was employed as a school resource officer. He left this employment by mutual agreement related to an incident of conduct unbecoming while teaching high school students. The specifics of the incident are not in the record, but Applicant blames his conduct on prescription medication that he was taking. (Item 3 at 11-21)

The allegations of job-related misconduct in August 2023 and December 2017 are not alleged in the SOR. In ISCR Case No. 03-20327 at 4 (App. Bd. Oct. 26, 2006) the Appeal Board listed five circumstances in which conduct not alleged in an SOR may be considered stating:

- (a) to assess an applicant's credibility; (b) to evaluate an applicant's evidence of extenuation, mitigation, or changed circumstances; (c) to consider whether an applicant has demonstrated successful rehabilitation; (d) to decide whether a particular provision of the Adjudicative Guidelines is applicable; or (e) to provide evidence for whole-person analysis under Directive Section 6.3.

Id. (citing ISCR Case No. 02-07218 at 3 (App. Bd. Mar. 15, 2004); ISCR Case No. 00-0633 at 3 (App. Bd. Oct. 24, 2003)). I have considered the non-SOR derogatory information accordingly.

In his response to the SOR, Applicant stated that he was currently working full-time hours but his income was not sufficient to commit to a reasonable repayment plan without the ability to work his current part-time position. If he is allowed to work his part-time position (i.e. granted a security clearance), he will be able to pay off lesser amounts and begin a payment schedule for the debts with higher balances.

In his response to the FORM, Applicant provided a copy of his 2017 Federal income tax return which indicates he was owed a refund of \$1,905, and a letter from his tax preparer. He admits that the IRS told him that they had not received the 2017 Federal income tax return, so he is looking into why his 2017 income tax return was not received by the IRS. He also provided a copy of his 2017 state income tax return which shows that he received a refund of \$202. He provided proof that debt alleged in SOR ¶ 1.i was resolved on March 13, 2025. He provided a document from his state's Department of Taxation Revenue which shows he paid \$211 on March 15, 2025, for state income taxes owed for tax year 2023 and another receipt from the state Department of Taxation Revenue, confirming he filed his state income tax return on March 15, 2025, for tax year 2024. He received a refund of \$535. He also provided three pay statements from his full-time job. (Item 8 at 1-4, 10-11, 15-18)

In response to DOHA interrogatories, dated December 2, 2024, Applicant admitted the debts alleged in SOR ¶¶ 1.e, 1.f, and 1.h. He indicated that the debts were unresolved. He also listed a delinquent credit card account in the amount of \$1,700. (SOR ¶ 1.g) He was unable to make his student loan payments so he requested a deferment. He was unable to resolve the debts because he has had little to no income since October 2025 when he was laid off. He consulted with an agency which helps clients build up their credit rating and resolve delinquent accounts, but they wanted \$200 a month and he could not afford the payments. He wants to be responsible for his debt and avoid filing for bankruptcy. (Item 5 at 9)

The status of the delinquent accounts at the close of the record are:

SOR ¶ 1.a: \$9,531 delinquent Federal income taxes owed for tax year 2016: In his response to interrogatories, Applicant claims that his ex-wife went against their divorce agreement and claimed their two children as dependents. He indicates that in the agreement, he was allowed to claim one child as a dependent. He also indicates he suffered a serious illness in 2015 to 2016 but did not explain the details of the illness. He filed his income tax returns for tax years 2016 and 2017 in 2018 and was penalized for filing late. Since that time, his federal income tax refunds have been applied towards his delinquent tax balance. In December 2017, he became unemployed and was unable to make arrangements to pay the delinquent tax debts. The tax debts remain unresolved at the close of the record. (Item 5 at 10, 16-18)

SOR ¶ 1.b: \$4,110 delinquent Federal income taxes owed for tax year 2015: This debt remains unresolved for the same reasons explained in the above paragraph. (Item 5 at 10, 16-18)

SOR ¶ 1.c: Failure to file Federal income tax returns for tax year 2017: Applicant provided proof in his response to the FORM that his Federal income tax return for tax year 2017 was prepared. He indicated that he discovered that the IRS had not received his income tax return for tax year 2017 and is looking into why this happened. His tax preparer claimed that the return was electronically filed. SOR ¶ 1.c is found for Applicant because he had a tax preparer prepare his Federal income tax return for tax year 2017. The tax preparer claims the tax return was filed electronically, but the IRS claims they did not receive it. This issue was caused through no fault of the Applicant and he is trying to resolve it. (Item 8 at 1-2,10, 15)

SOR ¶ 1.d: \$226 past-due state income tax debt. In his response to FORM, Applicant provided proof that he paid that state Department of Taxation Revenue \$211 on March 15, 2025, for tax year 2023 and received a \$535 refund on March 15, 2025, for tax year 2024. The record is unclear as to whether the past-due state tax debt was resolved. (Item 8 at 12,17)

SOR ¶ 1.e: \$4,232 charged-off account: In his response to interrogatories, Applicant indicated he co-signed a car loan for his son. In October 2023, his son totaled the vehicle in a car crash. There was a remaining balance after the insurance company

payment. His son has not made payments towards the balance. As the co-signer, Applicant is also responsible for the balance. Applicant said he would make payments once he is able to obtain a full-time position and hopefully maintain his part-time position. At the close of the record, he was unable to enter into a payment plan due to lack of income. The debt is not satisfied. (Item 2 at 2; Item 5 at 9)

SOR ¶ 1.f: \$3,459 delinquent cell phone account that was placed for collection: In his response to interrogatories, Applicant indicates in 2017, he designated his then-girlfriend as an authorized user on his account. She purchased two new cell phones for herself and her daughter. They broke up and Applicant lost his job. His former girlfriend switched the phones to a new provider without paying off the balance. He is responsible for the debt but was unable to pay the debt due to lack of income and unemployment. The debt is unresolved. (Item 2; Item 5 at 9-10)

SOR ¶ 1.g: \$1,742 delinquent credit card account placed for collection: Applicant's last payment towards this debt was in September 2023. The debt is unresolved. (Item 2; Item 5 at 10)

SOR ¶ 1.h: \$1,268 delinquent insurance account that was placed for collection: This debt involves car insurance. Applicant put his son on his car insurance policy. After his son's car crash, his insurance increased to \$400 a month and he was unable to pay the premium. At the close of the record, the debt is unresolved. (Item 2; Item 5 at 9)

SOR ¶ 1.i: \$175 debt placed for collection: In response to the FORM, Applicant provided proof that he paid off this debt in full on March 13, 2025. SOR ¶ 1.i is found for Applicant. (Item 8, 5-9)

SOR ¶ 1.j: \$146 delinquent account placed for collection: This account remains unresolved. (Item 2)

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." (*Egan* 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." (EO 10865 § 2)

Eligibility for a security clearance is predicated upon the applicant meeting the criteria contained in the AG. 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.” (EO 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. (*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. (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. (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 her 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; AG ¶ 2(b))

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.

This concern is broader than the possibility that a person might knowingly compromise classified information to raise money. It encompasses concerns about a person's self-control, judgment, and other qualities essential to protecting classified information. A person who is financially irresponsible may also be irresponsible, unconcerned, or negligent in handling and safeguarding classified information. (ISCR Case No. 11-05365 at 3 (App. Bd. May 1, 2012).

AG ¶ 19 notes several disqualifying conditions that could raise security concerns. The disqualifying conditions that are relevant to Applicant's case include:

- (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.

AG ¶ 19(a) and AG ¶ 19(c) apply to Applicant's delinquent debts alleged in SOR ¶¶ 1.a, 1.b, 1.d – 1.j. The total approximate balance of the delinquent debt was \$24,887. Of that amount, he owed approximately \$13,641 in delinquent Federal taxes; approximately \$224 in delinquent state taxes, and approximately \$11,022 in delinquent consumer debts. He has a history of not meeting financial obligations and unresolved delinquent accounts.

AG ¶ 19(f) applies to Applicant's delinquent Federal tax debts for tax year 2016 (SOR ¶ 1.a: \$9,531) and tax year 2015 (SOR ¶ 1.b: \$4,110) and his \$226 delinquent state tax debt. (SOR ¶ 1.d). Finally, AG ¶ 19(f) also applies to his failure to file his Federal income tax returns for tax year 2017.

The DOHA 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).

AG ¶ 20 describes conditions that could mitigate security concerns. They include:

- (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 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; 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.

AG ¶ 20(a) does not apply because the majority of Applicant's delinquent accounts remain outstanding. His financial issues are ongoing.

AG ¶ 20(b) partially applies because Applicant had a serious health incident in 2015 to 2016. He also had several periods of unemployment and underemployment. Some of these issues were beyond his control. However, his periods of unemployment beginning in December 2017 and again in August 2023 were due to his own misconduct and are not considered as circumstances beyond his control. This mitigating condition is given little weight because it is not clear he acted responsibly under the circumstances. While he recently resolved some accounts, he neglected his debts for years.

AG ¶ 20(c) does not apply because Applicant has not attended financial counseling from a legitimate and credible source and his financial problems are not under control. He did consult with an agency that helps clients improve their credit rating and resolve delinquent accounts, but he could not afford the monthly payments and it is unlikely the agency was an accredited financial counseling organization.

AG ¶ 20(d) applies to the debt alleged in SOR ¶ 1.h. He provided proof that his debt was resolved. It does not apply to the remaining debts in the SOR.

AG ¶ 20(g) applies with respect to Applicant's failure to file his Federal income tax returns for tax year 2017. In his response to the FORM, he provided proof that he had a tax preparer file his 2017 Federal income tax return. While the tax preparer asserted that the income tax return was filed electronically, Applicant recently learned the IRS had not received it and he is looking into the issue. He was unaware that the IRS had not received his 2017 Federal income tax return. While Applicant should have paid more attention to the status of the filing of his Federal income tax returns even if a tax preparer prepared the income tax return, Applicant is given a benefit of the doubt under the circumstances regarding his 2017 Federal income tax return. However, Applicant's federal income tax debts owed for tax years 2016 and 2015 remain outstanding. While it is likely the \$224 state tax debt was resolved, there is not sufficient evidence in the file to conclude Applicant's state tax debts were resolved in full.

Overall, Applicant failed to meet his burden of proof to mitigate the security concerns raised under Financial Considerations.

Whole-Person Concept

Under AG ¶ 2(c), the ultimate determination of whether the granting or continuing of national security eligibility is clearly consistent with the interests of national security must be an overall commonsense judgment based upon careful consideration of the adjudicative guidelines, each of which is to be evaluated in the context of the whole person. 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 I have considered the factors in AG ¶ 2(d). I considered Applicant's part-time employment with a DOD contractor as well his honorable active-duty service in the United States Army and in the United States Air Force. I considered that Applicant had some health issues from 2015 to 2016, and has had several periods of unemployment and under-employment. While Applicant showed he hired a tax preparer to file his 2017 Federal income tax returns and resolved the debt alleged in SOR ¶ 1.h, the majority of the delinquent debts remain unresolved, to include his delinquent tax debts for tax years 2015 and 2016. He has ignored his delinquent debts for years. After weighing the

disqualifying and mitigating conditions under Guideline F and evaluating all the evidence in the context of the whole person, I conclude that Applicant has not mitigated the security concerns raised under financial considerations.

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 a longer track record of financial responsibility, he may be able to demonstrate persuasive evidence of his security clearance worthiness. Overall, the record evidence leaves me with questions and doubts as to his eligibility and suitability for a security clearance at this time.

Formal Findings

Formal findings 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.c and 1.i:	For Applicant
Subparagraphs 1.a, 1.b, 1.d -1.h and 1.j :	Against Applicant

Conclusion

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

Erin C. Hogan
Administrative Judge