



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



In the matter of:

Applicant for Security Clearance

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ISCR Case No. 24-01012

Appearances

For Government: Lauren A. Shure, Esq., Department Counsel

For Applicant: *Pro se*

11/24/2025

Decision

PRICE, Eric 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

On January 9, 2023, Applicant submitted a security clearance application (SCA). On August 6, 2024, the Defense Counterintelligence and Security Agency (DCSA) issued to Applicant a Statement of Reasons (SOR) detailing security concerns under Guideline F. The action was taken under 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 (SEAD 4), *National Security Adjudicative Guidelines* (December 10, 2016), for all adjudicative decisions on or after June 8, 2017.

Applicant responded to the SOR (Answer) on September 14, 2024, and requested a hearing before an administrative judge. The case was assigned to me on April 1, 2025. On June 13, 2025, the Defense Office of Hearings and Appeals (DOHA) issued a notice of hearing scheduling the hearing via video teleconference.

I convened the hearing as scheduled on July 21, 2025. Department Counsel offered Government Exhibit (GE) 1 through GE 7, which were admitted without objection. (Transcript (Tr.) 14-25; Hearing Exhibit (HE) I-II) Applicant testified and offered Applicant Exhibit (AE) A and AE B, which were admitted without objection. (Tr. 26-27; HE III) At Applicant's request I held the record open until September 12, 2025, to permit her to submit additional documents but she did not do so. DOHA received the hearing transcript on August 1, 2025, and the record closed on September 12, 2025. (HE IV)

Findings of Fact

Applicant is 45 years old. She has worked as a program engineer for a federal contractor since December 2022. She was employed in various engineering positions in different divisions of the same company from September 2012 to December 2022. She has never held a security clearance. (GE 1 at 12-16; Tr. 33, 63-64)

Applicant has been taking online university courses since 2009 but has not yet earned a degree. She was married from 1998 to 2006, and has three children from that marriage, ages 20, 22, and 26. She has been married to her current spouse since July 2015 and has three stepchildren from her current spouse, including two adults and one under 18 years of age. (GE 1; GE 7; Tr. 28-30)

The SOR alleges 10 delinquent debts totaling about \$29,028 including \$11,920 in delinquent federal taxes, and failure to file federal and state income tax returns, as required, for tax year (TY) 2018. Applicant admitted the allegations in SOR ¶¶ 1.a, 1.b, 1.d-1.f, 1.j, and 1.l, with explanations. She denied the allegations in SOR ¶¶ 1.c, 1.g-1.i, and 1.k, with explanations. Her admissions are incorporated as findings of fact. (Answer)

Applicant attributes her financial problems to her spouse's inability to work because of medical conditions and her spouse's debt. She also attributes her financial problems to the cost of moving for a job that paid less than anticipated, underemployment, and to potential identity theft. She has focused on paying essential bills and expressed her intent to resolve her delinquent debts and to seek the assistance of a tax professional to resolve her tax issues as soon as she can afford to do so. At hearing, she testified that she contacted a financial counseling and debt repair service offered through her employer in about May 2025 but had not yet received financial counseling or enrolled her debt in the program. She started a side business to generate additional income to pay down her debt. (Answer; GE 1 at 38-41, GE 2 at 27-28, GE 7 at 1-5; Tr. 30-47, 62-63; AE A)

The evidence concerning the specific SOR allegations is summarized below.

SOR ¶ 1.a: telecommunications account in collection for \$1,613. Applicant attributes this debt to a provider's failure to explain the process of replacing her spouse's phone when it stopped working resulting in unrequested and undesired account changes and charges to her and her spouse's account. (Answer)

Credit reports from April 2024 and July 2025 show this account as in collection for \$1,613 and \$1,614, respectively. (GE 5 at 2, GE 6 at 3) Applicant testified she disputed

the debt but that the service provider did not want to resolve it. She hopes to resolve the debt through a program offered by her employer. (Tr. 40-43) This debt is unresolved.

SOR ¶¶ 1.b and 1.i: medical collection accounts for \$693 and \$111, respectively. Applicant admitted SOR ¶ 1.b and denied SOR ¶ 1.i noting she had been unable to track down the source for this debt. (Answer) She testified that she believed these debts were the subject of a payment agreement that required monthly payments of \$39 which she made. (Tr. 48-52) Credit reports from October 2023 and April 2024 show the debt alleged in SOR ¶ 1.b in collection for \$693. (GE 4 at 3, GE 5 at 2) A January 2023 credit report shows the debt alleged in SOR ¶ 1.i as in collection for \$111. (GE 3 at 5) She did not submit documentary evidence of any payment on these debts. The allegations are resolved for Applicant because she specifically recalled making regular payments of \$39 on these debts and neither debt is shown on later credit reports.

SOR ¶ 1.c: credit collection account for \$5,581. Applicant denied this debt stating she did not know what account it was associated with. (Answer) Credit reports from January and October 2023 show this individual account was opened or assigned for collection in August 2017 and in collection for \$5,385 and \$5,581, respectively. (GE 3 at 3, GE 4 at 2) Applicant testified "I believe that's the one that has been paid . . . I have a letter [showing it was paid in February]." (Tr. 47-48) She did not submit documentary evidence of any payment on this debt. This debt is not resolved.

SOR ¶ 1.d: credit account charged off for \$4,376. Applicant acknowledged that her spouse used her personal information to open this account to purchase furniture. (Answer) She testified the debt was "still there. I'm not even sure what it's for." (Tr. 49) Credit reports from January and October 2023 show this account was charged off with a balance of \$4,376. (GE 3 at 3, GE 4 at 2) This debt is not resolved.

SOR ¶¶ 1.e-1.f: credit accounts charged off for \$2,416 and \$1,180, respectively. Applicant stated these debts were for fees incurred after she voluntarily relinquished possession of a vehicle because she could not afford the loan payments. She hopes to resolve these debts through a program offered by her employer. (Answer; Tr. 49-50) Credit reports from January and October 2023 show these individual accounts were charged off with balances due of \$2,416 and \$1,180, respectively. (GE 3 at 4, GE 4 at 2-3) These debts are not resolved.

SOR ¶¶ 1.g-1.h: credit accounts charged off for \$458 and \$680, respectively. Applicant denied these allegations stating that she was not aware of these debts noting she hoped to identify the source of the debts through a program offered by her employer. (Answer; GE 2 at 3, GE 7 at 3; Tr. 50-52) Credit reports from January and October 2023 show these individual accounts were opened or assigned in 2017 and 2016 and charged off with balances of \$458 and \$680, respectively. (GE 3 at 4-5, GE 4 at 3) These debts are not resolved.

SOR ¶ 1.j: overdue federal income taxes of about \$11,920 for TY 2020. Applicant admitted the allegation claiming the delinquency was attributable to her lack of awareness of the tax implications of early withdrawal of funds from her 401K to help pay bills during the COVID-19 pandemic. She intends to hire a tax professional to assist in

filing an amended return but cannot afford to do so. She reported that the IRS applied approximately \$5,000 from her refund for TY 2023 or TY 2024 to this debt and that she had a letter showing the amount credited. In her January 2023 SCA and February 2023 background interview Applicant claimed she made payments to the IRS under a payment plan. At hearing, she claimed she recently paid off the tax debt and submitted an undated IRS document showing she did not owe any balance for TY 2021 through TY 2024. (AE B) She said that she kept records of her payments and acknowledged her understanding of various forms of documentary evidence that could corroborate her claims the overdue taxes had been paid. (Answer; GE 1 at 38-39, GE 2 at 2; Tr. 38, 80-82; AE A, AE B)

Applicant's federal income tax account transcript for TY 2020 dated August 3, 2023 shows that additional taxes were accessed after a refund was issued and that Applicant owed overdue taxes, interest, and penalties for TY 2020 totaling \$11,920. The transcript shows that she made two payments on her overdue taxes; a \$125 payment on December 12, 2022 (that was dishonored the same day), and a \$150 payment three days later. (GE 2 at 10-11) She did not submit documentary evidence of any other payments or of a payment plan. This debt is not resolved.

SOR ¶ 1.k: failed to timely file federal income tax return for TY 2018 and it remained unfiled as of August 6, 2024. Applicant denied the allegation claiming she submitted the income tax return several times but could not afford a tax professional to help resolve the issue. (Answer) She testified she used commercial software to file the return and was later informed it could not be accepted electronically. She said that she printed the tax return and had filed it three times but that the IRS denied receiving it. She said she may have copies of documents proving she completed and filed the tax return but did not submit any documentary evidence to support her claims. (Tr. 34-37, 74-80)

Applicant's federal income tax account transcript for TY 2018 dated September 7, 2023, states no income tax return was filed. (GE 2 at 7-8) She did not submit documentary evidence showing that she completed, submitted, or filed a TY 2018 federal income tax return.

SOR ¶ 1.l: failed to timely file state income tax return for TY 2018. Applicant submitted documentary evidence that she filed her TY 2018 state income tax return in March 2020. (GE 2 at 33-35; Tr. 76-80) She timely filed her state income taxes for TY 2017, TY 2019, and TY 2020. (GE 2 at 30-32, 36-41) She subsequently relocated to a state that does not tax personal income. (Tr. 39-40)

Applicant filed her federal income tax return for TY 2016 in August 2018. She also failed to pay federal income taxes when due in TY 2016, TY 2017, and TY 2019. Her overdue federal income taxes, penalties, and interest for TY 2016 totaling about \$10,045 were paid in April 2021 with credit transferred from her TY 2020 return. Delinquent TY 2017 taxes totaling about \$5,652 were paid in April 2020 with credit transferred from her TY 2019 return. Overdue TY 2019 taxes totaling about \$1,439 were paid in April 2022 with credit transferred from her TY 2021 return. (GE 2 at 3-9) At hearing, she indicated she would be able to provide documentation that she filed federal income tax returns for TY 2023 and TY 2024 but did not do so. (Tr. 37-40) In addition, a July 2025 credit report

shows six debts not alleged in the SOR and totaling more than \$8,000 had been charged off or placed for collection. (GE 6 at 1-4) Applicant testified that she was not aware of some of these debts and could submit documentary evidence of payments she made on others but did not do so. (Tr. 52-56) These issues were not alleged in the SOR but may be considered:

- (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.

ISCR Case No. 03-20327 at 4 (App. Bd. Oct. 26, 2006).

Applicant's gross annual income including commissions was about \$130,000 until March 2020. She relocated to another state and earned about \$100,000 per year until October 2021 because of an unexpected drop in commissions. From October 2021 to November 2022, she earned about \$120,000. Her income increased to about \$135,000 per year in December 2022, and after a recent raise she currently earns about \$150,000 per year. In an August 2023 personal financial statement, Applicant reported a monthly net remainder after expenses of about \$800. (GE 2 at 24-25) She testified her net remainder has been reduced to about \$400-\$500 per month. She has about \$1,900 in the bank and about \$45,000 in a retirement account. (Tr.32-34, 58-67) She submitted evidence that she owed no overdue federal income taxes for TY 2021 through TY 2024. (AE B)

During the hearing Applicant was informed of the importance of providing documentary evidence of income tax filings and payments, and efforts to address or resolve her other financial issues. (Tr. 7-9, 39, 68-87)

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

Applicant's admissions and record evidence, including credit bureau reports and tax account transcripts, establish three 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 annual Federal [or] state income tax returns or failure to pay annual Federal . . . income tax as required).

The following mitigating conditions 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;

(c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source, such as a non-profit credit 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;

(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.

AG ¶ 20(a) is not established. Applicant's financial problems are longstanding and ongoing. She has not shown that her financial problems are unlikely to recur, and her

financial behavior casts doubt on her current reliability, trustworthiness, and good judgment.

AG ¶ 20(b) is not fully established. Applicant's unexpected loss of commissions during the COVID-19 pandemic and her spouse's medical issues and unemployment were conditions largely beyond her control. However, she has not produced sufficient evidence that she acted responsibly under the circumstances.

AG ¶¶ 20(c) and 20(d) are not established for the debts alleged in SOR ¶¶ 1.a, 1.c-1.h, and 1.k. Applicant has not received financial counseling and there is insufficient evidence to conclude she initiated or adhered to a good-faith effort to resolve these debts.

AG ¶ 20(d) is established for debts totaling \$804 alleged in SOR ¶¶ 1.b and 1.i.

AG ¶ 20(e) is not established for the debts alleged in SOR ¶¶ 1.a, 1.c, 1.d, 1.g, 1.h, 1.i, or 1.j because Applicant has provided no documentary evidence to substantiate a basis to dispute these debts or of actions taken to resolve any issue.

AG ¶ 20(g) is established for Applicant's past-due TY 2018 state income tax return filed in March 2020. However, it is not established for her unfiled federal income tax return for TY 2018, or for overdue federal income taxes for TY 2020 totaling about \$11,920.

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 the 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.

I have incorporated my comments under Guideline F in my whole-person analysis and applied the adjudicative factors in AG ¶ 2(d). I considered Applicant's age, work history, and that her financial problems were caused in part by conditions beyond her control. I considered her limited disposable income after expenses, that she resolved debts alleged in SOR ¶¶ 1.b and 1.i totaling \$804, that she has filed her TY 2018 state income tax return, and that she owes no overdue federal income taxes for TY 2021 through TY 2024. I also considered her delinquent debt not alleged in the SOR and her failure to timely file a federal income tax return for TY 2016 and failure to pay federal income taxes when due for TY 2016, TY 2017, and TY 2019. There is insufficient

evidence to conclude that Applicant has acted responsibly given her circumstances. That some of the debts have dropped off recent credit reports is not meaningful evidence of debt resolution. See ISCR Case No. 14-05803 at 3 (App. Bd. July 7, 2016).

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 concerns raised by her delinquent debts, delinquent income tax filing and overdue income taxes.

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, she may be able to demonstrate persuasive evidence of her security clearance worthiness. Overall, the record evidence leaves me with questions and doubts as to her eligibility and suitability for a security clearance at this time.

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
Subparagraph: 1.a:	Against Applicant
Subparagraph 1.b:	For Applicant
Subparagraphs 1.c-1.h:	Against Applicant
Subparagraph 1.i:	For Applicant
Subparagraphs 1.j-1.k:	Against Applicant
Subparagraph 1.l:	For Applicant

Conclusion

In light of all of the circumstances presented by the record in this case, it is not clearly consistent with the interests of national security to grant Applicant's eligibility for a security clearance. Eligibility for access to classified information is denied.

Eric C. Price
Administrative Judge