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**United States Department of Energy
Office of Hearings and Appeals**

In the Matter of: Personnel Security Hearing)
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Filing Date: June 24, 2025) Case No.: PSH-25-0157
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Issued: February 27, 2026

Administrative Judge Decision

Diane L. Miles, Administrative Judge:

This Decision concerns the eligibility of XXXXXXXXXXXX (the Individual) to hold an access authorization under the United States Department of Energy’s (DOE) regulations, set forth at 10 C.F.R. Part 710, “Procedures for Determining Eligibility for Access to Classified Matter and Special Nuclear Material or Eligibility to Hold a Sensitive Position.”¹ As discussed below, after carefully considering the record before me in light of the relevant regulations and the *National Security Adjudicative Guidelines for Determining Eligibility for Access to Classified Information or Eligibility to Hold a Sensitive Position* (June 8, 2017) (Adjudicative Guidelines), I conclude that the Individual’s access authorization should not be restored.

I. BACKGROUND

The Individual is employed by a DOE contractor in a position that requires him to hold a security clearance. In November 2024, the Individual completed a Questionnaire for National Security Positions (QNSP). Exhibit (Ex.) 6. In the section titled “Financial Record,” the Individual answered “yes” when asked whether, in the last seven years, he failed to file or pay federal, state, or other taxes when required by law. *Id.* at 51–52.² The Individual reported that he failed to file his federal and state personal income tax returns for tax year 2023, and that he was “in the process of completing [the] tax returns.” *Id.* at 52. He also reported that he failed to file his federal and state personal income tax returns for tax year 2022 because he “lost documentation” he needed to prepare the returns. *Id.*

¹ The regulations define access authorization as “an administrative determination that an individual is eligible for access to classified matter or is eligible for access to, or control over, special nuclear material.” 10 C.F.R. § 710.5(a). This Decision will refer to such authorization as “access authorization” or “security clearance.”

² The DOE’s exhibits were combined and submitted in a single, 224-page PDF workbook. Many of the exhibits are marked with page numbering that is inconsistent with their location in the combined workbook. This Decision will cite to the DOE’s exhibits by reference to the exhibit and page number within the combined workbook regardless of any internal pagination.

In March 2025, the Local Security Office (LSO) issued a Letter of Interrogatory (LOI) to the Individual, which requested information about his failure to file his personal income tax returns. Ex. 5. In the LOI, the Individual reported that he did not file his state and federal personal income tax returns for years 2022 and 2023 because he misplaced documentation that he needed to prepare the returns. *Id.* at 19. The Individual also reported that he had not filed his state and federal personal income tax returns for years 2020 and 2021 because he misplaced boxes that contained his tax records, and that he should have his 2020 and 2021 tax returns completed “within 45–60 days.” *Id.* at 20.

On May 21, 2025, the LSO informed the Individual, in a Notification Letter, that it possessed reliable information that created substantial doubt regarding his eligibility to hold a security clearance. Ex. 1 at 6–8. In a Summary of Security Concerns (SSC) attachment to the letter, the LSO explained that the derogatory information raised security concerns under Guideline F of the Adjudicative Guidelines. *Id.* at 6.

On June 6, 2025, the Individual exercised his right to request an administrative review hearing pursuant to 10 C.F.R. Part 710. Ex. 2. The Director of the Office of Hearings and Appeals (OHA) appointed me as the Administrative Judge in this matter. In January 2026, I convened a hearing, pursuant to 10 C.F.R. § 710.25(d), (e), and (g), at which I took testimony from three witnesses: the Individual, the Individual’s wife, and the Individual’s manager. *See* Transcript of Hearing, OHA Case No. PSH-25-0157 (Tr.). Counsel for the DOE submitted eight exhibits, marked as Exhibits 1 through 8. The Individual submitted 19 exhibits, marked as Exhibits A through S.

II. NOTIFICATION LETTER AND THE ASSOCIATED SECURITY CONCERNS

As indicated above, the Notification Letter informed the Individual that information in the possession of the DOE created substantial doubt concerning his eligibility for a security clearance. The LSO cited Guideline F (Financial Considerations) of the Adjudicative Guidelines as the basis for suspending the Individual’s security clearance. Ex. 1. Guideline F states that a “[f]ailure or inability to live within one’s means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or [an] unwillingness to abide by rules and regulations, all of which can raise questions about an individual’s reliability, trustworthiness, and ability to protect classified information.” Adjudicative Guidelines at ¶ 18. Among the conditions set forth under Guideline F that could raise a disqualifying security concern is the failure to file or pay annual federal, state, or local income taxes as required. *Id.* at ¶ 19(f).

In citing Guideline F, the LSO relied upon the Individual’s admissions in his November 2024 QNSP, and in his March 2025 LOI, that he had not filed his state or federal personal income tax returns for tax years 2020, 2021, 2022, and 2023. Ex. 1 at 5. The cited information justifies the LSO’s invocation of Guideline F.

III. REGULATORY STANDARDS

A DOE administrative review proceeding under Part 710 requires me, as the Administrative Judge, to issue a decision that reflects my comprehensive, common-sense judgment, made after

consideration of all the relevant evidence, favorable and unfavorable, as to whether the granting or continuation of a person's access authorization will not endanger the common defense and security and is clearly consistent with the national interest. 10 C.F.R. § 710.7(a). The regulatory standard implies that there is a presumption against granting or restoring a security clearance. *See Department of Navy v. Egan*, 484 U.S. 518, 531 (1988) (“clearly consistent with the national interest” standard for granting security clearances indicates “that security determinations should err, if they must, on the side of denials”); *Dorfmont v. Brown*, 913 F.2d 1399, 1403 (9th Cir. 1990) (strong presumption against the issuance of a security clearance).

The individual must come forward at the hearing with evidence to convince the DOE that granting or restoring access authorization “will not endanger the common defense and security and will be clearly consistent with the national interest.” 10 C.F.R. § 710.27(d). The individual is afforded a full opportunity to present evidence supporting his or her eligibility for access authorization. The Part 710 regulations are drafted to permit the introduction of a very broad range of evidence at personnel security hearings. Even appropriate hearsay evidence may be admitted. *Id.* § 710.26(h). Hence, an individual is afforded the utmost latitude in the presentation of evidence to mitigate the security concerns at issue.

The discussion below reflects my application of these factors to the testimony and exhibits presented by both sides in this case.

IV. FINDINGS OF FACT

At the hearing, the Individual testified that a combination of procrastination and his difficulty obtaining necessary records to prepare his tax returns resulted in his tax returns not being filed for years 2020 through 2023. Tr. at 65. The Individual owns a ranch, located approximately 90 miles from his home, which he operates as a business. *Id.* at 68–69. The Individual has several expenses associated with operating the ranch, such as purchasing fencing materials, gas, veterinary services, cattle feed, and farrier services. *Id.* at 43, 58–59. He deducts these expenses from his income on his personal income tax returns. *Id.* at 43, 69. He maintains paper receipts of his expenses to itemize them, rather than estimating them, so he can verify his expenses if he is audited by a tax authority. *Id.* at 59–60. He maintains paper records of his expenses, and other income-related records that he uses to prepare his tax returns, in a “big folder box,” which was kept at his home. *Id.* at 48. He also tracked his expenses using a ledger. *Id.* at 60.

In 2021, the Individual had difficulty locating records he needed to prepare his 2020 tax returns. Tr. at 47–48. Because he could not locate all the records he needed by the filing deadline, he requested, and received, an extension to file his 2020 tax returns, but he procrastinated and still could not get his returns prepared and filed timely. *Id.* at 45–48, 50. Sometime in 2021, the Individual and his wife were cleaning their home. *Id.* at 21–22, 46. The Individual believed that his folder box, which at this time contained records of his ranch expenses and other records he needed to prepare his 2020 and 2021 income tax returns, was placed in the wrong trailer, and shipped to his ranch. *Id.* at 43–46, 48.

In April 2022, a wildfire in his area, lasting from approximately April 2022 to July 2022, destroyed his ranch. Tr. at 43–44, 48. After the wildfire, he could not find his box of records anywhere in his home, and he assumed that the box was at the ranch and was destroyed by the wildfire. *Id.* at 43, 45, 48. He stated that during and after the wildfire, he was heavily involved in community relief efforts, and he tried to obtain government assistance to help him rebuild his ranch, which took several months. *Id.* at 44–45, 71. In 2023, he knew that he needed to file his 2020–2022 income tax returns, but he could not locate enough of his expense records to prepare his tax returns by the filing deadline. *Id.* at 51. After the Individual received the November 2024 QNSP, he spent nights and weekends trying to recreate his expense records so he could file his delinquent income tax returns. *Id.* at 52. He realized that he could go to his bank and get copies of his cancelled checks and bank statements, so he was able to recover records of some of his income and expenses. *Id.* at 42, 60. He realized that, from now on, he needs to keep electronic records of his expenses so he can prepare his tax returns if his paper records are lost or destroyed. *Id.* at 60.

The Individual submitted documentation to support his testimony that he filed his state and federal income tax returns for years 2020 through 2023. Some of the income tax returns he submitted lack signatures because they were filed electronically by his tax preparer, while other tax returns were signed and mailed. Tr. at 56, 75.³ The Individual submitted copies of U.S. Postal Service receipts to support his testimony that he mailed several tax returns to the IRS and to his state tax authority, although the Individual could not recall which specific tax returns were mailed. *Id.* at 43–74; Ex. E. He also submitted an undated letter from his tax preparer, which indicated that the Individual neglected to file his tax returns because of “ongoing personal issues and not financial [issues],” and that the tax preparer filed “the outstanding tax returns” for him. Ex. R.

As for the Individual’s federal income tax returns, he submitted copies of IRS account transcripts, showing that the IRS received and processed his income tax returns for years 2020 through 2023. Ex. Q at 1–7.⁴ He also submitted a copy of an IRS Tax Compliance Report, which indicated his income tax return for tax year 2024 was filed. Ex. B. The Individual also submitted IRS records to support his testimony that he did not owe federal taxes for tax years 2020 through 2024. Tr. at 53–54.⁵

As for the Individual’s state income tax returns, he provided documentation to support his testimony that he filed his state income tax returns for tax years 2020 through 2024. Tr. at 53, 55.

³ The Individual submitted copies of his prepared state income tax returns for tax years 2020 through 2023, none of which contained his signature. Ex. J; Ex. K; Ex. L; Ex. M. The Individual’s prepared federal income tax returns for tax years 2020 and 2021 contained his signature. Ex. F; Ex. G. The Individual’s prepared federal income tax returns for tax years 2022 and 2023 did not contain his signature. Ex. H; Ex. I.

⁴ The IRS account transcripts indicated that the 2020 federal tax return was filed on July 14, 2025. Ex. Q at 1. The 2021 federal income tax return was filed on September 1, 2025. *Id.* at 2. The federal tax returns for tax years 2022, 2023, and 2024, were filed and processed on June 2, 2025. *Id.* at 4–7. The Individual also submitted an e-filing document, which indicated that his federal income tax returns for tax years 2022, 2023, and 2024 were filed electronically on May 5, 2025. Ex. S at 1–3.

⁵ The Individual submitted an account balance record from the IRS, dated January 6, 2026, and account transcripts, which indicated that he did not owe federal taxes for years 2020 through 2024. Ex. C; Ex. Q. He also submitted a return summary from the IRS, which indicated that he received a refund for tax year 2020. Ex. D.

The Individual submitted copies of a tax summary from his state tax authority, showing that his state income tax returns for years 2020 through 2024 were filed. Ex. A; Ex. S.⁶ He testified that after filing his 2020 state income tax return, he owed \$790 in taxes, which he paid. Tr. at 55–57. He submitted a copy of a tax summary for year 2020, which indicated that his state tax authority received a \$790 payment for state taxes owed for that year. Ex. S at 5. He also testified that for tax year 2021, he received a refund of \$91, but he did not submit documentation from his state tax authority indicating whether he owed state taxes for that year. Tr. at 56–57. As for tax year 2022, the Individual testified that he received a refund of \$97, but he did not submit documentation from his state tax authority indicating whether he owed state taxes for that year. *Id.* at 57. The Individual also testified that he owed \$60 in state taxes for year 2023, which he paid. *Id.* at 67, 81. He submitted a copy of a tax summary for year 2023, which indicated that his state tax authority received a \$60 payment for taxes owed for that year. Ex. S at 7.

He further testified that he was not confused as to the requirement to file taxes, and that he knew it was “frowned upon” to file tax returns late. Tr. at 42, 62. It was a combination of procrastination and a reliance on paper records that contributed to his failure to file his tax returns. *Id.* at 65. He also understood that he is required to timely file his income tax returns, regardless of whether he can claim deductions from his income related to his ranch. *Id.* at 70. He apologized for failing to meet his filing deadlines for the past few years and stated that he did not intend to break the law. *Id.* at 62. He submitted a copy of two bank statements, to support his testimony that he is not experiencing any financial hardships. *Id.* at 61, 63–64, 76–77; Ex. N; Ex. O. He also submitted a screenshot of a webpage that, he claims, shows his credit score, as evidence that he has a good credit history. Tr. at 78–79; Ex. P. Now, he scans his paper receipts and saves the electronic copies on his personal computer. *Id.* at 72–73. He is also learning to use accounting software to scan his receipts and save them electronically on his computer. *Id.* at 59, 61. He stated that this will never happen again. *Id.* at 64.

The Individual’s wife testified that the Individual typically uses a tax preparer to file the family’s tax returns and that the Individual manages the finances of the home and the ranch. Tr. at 20. She files tax returns jointly with the Individual. *Id.* She explained that the delinquent tax returns were not filed, in part, because she and the Individual were cleaning out their home, during which they packed items in bins to be moved from their home to their ranch, located two-and-a-half hours away from their home. *Id.* at 21–22. She stated that there was confusion about where the tax documents were stored. *Id.* at 21–22, 24–25. She explained that in April 2022, a wildfire destroyed personal items that were located on the ranch. *Id.* at 24. She further testified that the delinquent tax returns were filed in May 2025 or June 2025. *Id.* at 28, 30, 38. She knew the returns were filed because she helped the Individual gather the records necessary to prepare the returns, she had to sign the returns as a joint filer, and she observed the Individual communicate with their tax preparer to get them filed. *Id.* at 20, 31, 36–37. She believed the Individual understood that the tax returns needed to be filed and is a reliable person with good judgment. *Id.* at 27–29. In the future, she and

⁶ The Individual’s state tax summaries indicate that the state income tax returns for years 2020 through 2024 were “Late-Processed.” Ex. A; Ex. S at 5–7. The tax summaries indicate that the 2020 state income tax return was processed on May 6, 2025, and that the state income tax returns for tax years 2023 and 2024 were processed on May 5, 2025. Ex. S at 5–7. The Individual also submitted an e-filing document, which indicated that his state tax returns were filed electronically on May 5, 2025. *Id.* at 2–3.

the Individual will use accounting software to help them organize their expenses and store receipts electronically. *Id.* at 32–33. She will help the Individual manage documenting their expenses so when it is time to prepare and file their tax returns, she can help him present the information to their tax preparer. *Id.* at 33. She and the Individual have already started compiling records for their 2025 income tax returns. *Id.* at 34.

The Individual’s manager testified that he had known the Individual for seven-and-a-half years. Tr. at 10. He described the Individual as a very reliable person, whose judgment is trusted and valued. *Id.* He explained that the Individual told him he was not current with his tax filings because a wildfire destroyed documents that he needed to prepare his returns. *Id.* at 11–12. The Individual told him that losing his documents triggered a delay that snowballed into him missing his filing deadlines for a few years. *Id.* at 11–12, 14. The manager was familiar with the wildfire and explained that it originated from a controlled burn during the winter season that survived the snow and reignited during the spring. *Id.* at 12. The fire got out of control and affected the Individual’s property, which was subject to an evacuation order. *Id.* at 12–13. He explained that, although the Individual failed to timely file his income tax returns for four years, his failure to file was out of character for him. *Id.* at 14–15. The Individual is typically a reliable person, and he does not make excuses for his mistakes. *Id.* at 14. The Individual told him that he had filed all his delinquent tax returns. *Id.* at 15.

V. ANALYSIS

The Adjudicative Guidelines provide that conditions that could mitigate a security concern under Guideline F 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 judgment;
- (b) the conditions that resulted in the financial problem were largely beyond the person’s control . . . 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 . . . ; 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;
- (f) the affluence resulted from a legal source of income;

- (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.

Adjudicative Guidelines at ¶ 20.

As to ¶ 20(a), the Individual's failure to file his state and federal income tax returns occurred as recently as 2025. Further, while the Individual presented evidence establishing that he does not owe federal taxes for tax years 2020 through 2023 or state taxes for tax years 2020 and 2023, he did not provide similar evidence as to any state taxes owed for 2021 or 2022. Although the Individual testified that he did not owe state taxes for tax years 2021 and 2022, he did not submit documentation from his state tax authority indicating he did not owe state taxes for either year. So, I cannot conclude that the Individual sufficiently resolved his tax obligations for tax years 2020 through 2023, and his behavior cannot be said to have occurred so long ago that it no longer poses a security concern. The Individual's behavior was frequent because he had not filed his state and federal income tax returns for four consecutive years. Finally, the Individual admitted that his failure to file his tax returns, for four years, was due to procrastination and his difficulty locating paper records necessary to prepare the returns. Besides his stated commitment to decrease his reliance on paper tax records, given the lengthy duration of the Individual's delinquency in filing his tax returns despite knowing his obligation to do so, there is insufficient evidence upon which I can conclude that the Individual's failure to file his state and federal income tax returns is unlikely to recur. Accordingly, the Individual has not mitigated the security concerns related to his failure to file his state and federal tax returns under ¶ 20(a) of the Adjudicative Guidelines.

As to ¶ 20(b), in April 2022, a wildfire destroyed the Individual's ranch, along with paper tax records that were stored at his ranch. However, the Individual did not establish that the wildfire rendered him unable to file his tax returns for four consecutive years. He admitted that this failure to file his tax returns began before the fire, in 2021, due to his procrastination, even after he received an extension of time to file. He also admitted that after the wildfire, he delayed recovering his records and preparing his tax returns until he completed his November 2024 QNSP. Thus, while the wildfire was certainly an event outside of the Individual's control, I find that he did not act responsibly under the circumstances because of his years-long delay in collecting records and filing tax returns after the wildfire. Therefore, I find the Individual has not mitigated the security concerns related to his failure to file his state and federal income tax returns under ¶ 20(b) of the Adjudicative Guidelines.

As to ¶ 20(c), the Individual did not present evidence to support that his failure to file his state and federal income tax returns from 2020 to 2023 was due to circumstances from which he would have benefitted from financial counseling. Therefore, I find that ¶ 20(c) of the Adjudicative Guidelines is not applicable to this case.

As to ¶ 20(d), the Individual did not submit sufficient evidence to support his testimony that he did not owe state taxes for tax years 2021 and 2022. Therefore, I cannot conclude the Individual is making a good-faith effort to resolve any debts he may have from his failure to file his state and federal income tax returns. And even if he had, this would not resolve the security concerns

associated with the Individual's failure to timely file his tax returns for four consecutive years. As such, he has not mitigated the security concerns under ¶ 20(d) of the Adjudicative Guidelines.

As to ¶ 20(e), the LSO did not allege that the Individual had past-due debts related to his failure to file his state and federal income tax returns for years 2020 through 2023. Therefore, I find that ¶ 20(e) of the Adjudicative Guidelines is not applicable to this case.

As to ¶ 20(f), the security concerns raised by the LSO do not involve unexplained affluence. Therefore, I find that ¶ 20(f) of the Adjudicative Guidelines is not applicable to this case.

As to ¶ 20(g), the Individual submitted evidence establishing that, by September 2025, all of his outstanding tax returns had been filed and processed by the IRS and the state tax authority. As stated above, however, he did not sufficiently establish that he did not owe state taxes for all of the tax years in question – particularly for tax years 2021 and 2022. Therefore, I cannot conclude that the Individual has made sufficient arrangements with the appropriate tax authority to pay any taxes that are owed. Even accepting the Individual's unsupported testimony that he received a state tax refund of \$91 for 2021 and did not owe any state taxes for 2022, the circumstances of this case preclude me from finding the Individual has fully resolved the Guideline F security concerns. The Individual procrastinated in filing his tax returns for four consecutive years, while holding a security clearance and fully understanding his legal obligation to do so, and only took action to resolve the delinquencies when the LSO became aware of them. These circumstances do not reassure me that the Individual will not act similarly with respect to his tax and other obligations going forward. *See* 10 C.F.R. § 710.7(c) (requiring me to consider, among other factors, "the circumstances surrounding the conduct," whether the Individual participated knowingly and voluntarily, and "the likelihood of continuation or recurrence"). As such, the Individual has not mitigated the security concerns related to his failure to file his state and federal income tax returns under ¶ 20(g) of the Adjudicative Guidelines.

For the reasons cited above, I find that the Individual has not mitigated the Guideline F security concerns raised by his failure to file his state and federal income tax returns for years 2020 through 2023.

VI. CONCLUSION

For the reasons set forth above, I conclude that the LSO properly invoked Guideline F of the Adjudicative Guidelines. After considering all the evidence, both favorable and unfavorable, in a comprehensive, common-sense manner, including weighing all the testimony and other evidence presented at the hearing, I find that the Individual has not brought forth sufficient evidence to mitigate the concerns set forth in the SSC. Accordingly, the Individual has not demonstrated that restoring his security clearance would not endanger the common defense and security and would be clearly consistent with the national interest. Therefore, I find that the Individual's access authorization should not be restored. This Decision may be appealed in accordance with the procedures set forth at 10 C.F.R. § 710.28.

Diane L. Miles
Administrative Judge
Office of Hearings and Appeals