

Aerospace & Defence

Donald Trump Jr-backed start-up scores \$600mn US federal government deal

President's son's fund 1789 Capital poised to capitalise from father's administration

Alex Rogers and **Joe Miller** in Washington

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A little-known rare earths start-up with about 30 employees has won a blockbuster funding deal from the Pentagon, three months after Donald Trump Jr's venture capital firm invested in the company.

Vulcan Elements will receive a \$620mn loan from the [US defence department](#) as part of a \$1.4bn deal to increase the supply of magnets for industries alongside partner ReElement Technologies. The pact also includes more than \$550mn in private financing and other federal incentives.

The loan, agreed last month, is the largest made by the Pentagon's Office of Strategic Capital but only the latest federal government contract handed to companies backed by Trump Jr's \$1bn-plus investment fund.

North Carolina-based Vulcan drew funding in August from 1789 Capital, a fund founded by pro-Trump donors in 2023. The US president's son joined in 2024 and is a partner in the eight-person firm.

At least four of 1789's portfolio companies have won contracts from the Trump administration this year, amounting to more than \$735mn, according to analysis by the Financial Times. Other groups backed by [Trump Jr](#) have received regulatory relief. 1789 also invests in bigger government contractors, such as Anduril and Elon Musk's SpaceX.

The contracts raise new questions about conflicts of interest at the heart of the Trump administration and follow an array of pardons and other legal benefits doled out to the president's donors.



Rare earths start-up Vulcan Elements' pilot manufacturing facility in North Carolina © Vulcan Elements

“Presidents are expected to avoid even the appearance that they are using their office to financially benefit themselves or their family,” said Kedric Payne, general counsel at the Campaign Legal Center, an ethics group. “While we do not know for certain if, or how, the president may have influenced this loan, it falls under the cloud of [conflicts of interest](#) we have seen throughout this administration.”

In February, Trump Jr told the FT that he was “[very involved](#) in the strategic decisions regarding where to invest our resources” at 1789.

Vulcan’s chief executive John Maslin and officials at the Pentagon and commerce department said the president’s eldest son was not involved in the company’s deal with the government. A spokesperson for Trump Jr told the FT he had no involvement in negotiations with the government on behalf of 1789’s portfolio companies.

The Pentagon said neither Trump Jr nor 1789 were involved “in any aspect of the conditional loan commitment discussions” between Vulcan and the government.

According to PitchBook, 1789 has invested in 22 businesses since Trump Jr joined the company following his father’s election last year. In 2023 and 2024 it invested in five. Its assets under management now surpass \$1bn, said a person familiar with the matter.

Trump’s sons have also ploughed into businesses that have benefited from the president’s policies in his second term, including an array of crypto investments as the administration loosens digital currency rules.

Last month, the FT revealed that the Trump family had taken [more than \\$1bn in cash](#) from its crypto ventures over the past year.

The Trump Organization, now led by Trump Jr and his brother Eric, has also struck property deals around the world while their father is in office. On the eve of Saudi Crown Prince Mohammed bin Salman’s visit to the White House last month, the Trump family real estate business announced a deal with a Saudi partner to build a luxury Maldives resort. [Eric Trump](#) has told the FT that his father “has nothing to do” with his sons’ businesses.

1789 has branched out from a focus on anti-“woke” ventures, such as Tucker Carlson’s media company, to those regulated by Trump’s government and in a position to profit from it.

Among 1789’s portfolio companies that have won government deals are rocket propulsion start-up Firehawk Aerospace and quantum computing company PsiQuantum, which each won more than \$10mn worth of contracts from the US Air Force. Artificial intelligence group Cerebras Systems has signed a \$45mn deal with the Pentagon.

In October, [the FT revealed](#) drone maker Unusual Machines, in which Trump Jr held a multimillion-dollar stake, won its biggest contract from the Pentagon.

Vulcan’s contract from the defence department is much larger.

The Pentagon said if conditions were met, the \$620mn loan would be the largest since the OSC was set up during Joe Biden’s administration. It could be used to provide magnets that are used in everything from drones to nuclear submarines.

The commerce department will receive a \$50mn equity stake in Vulcan under the terms of the complex deal. The Pentagon will also receive warrants in Vulcan Elements and ReElement Technologies.

“The upside for the taxpayer makes perfect sense,” said a commerce department official.

1789 invested in Vulcan’s \$65mn Series A round of funding announced in August, which was led by Altimeter Capital. Chris Buskirk, who co-founded 1789 with influential Republican donors Omeed Malik and Rebekah Mercer, [posted](#) on X that the firm would invest in the next round.

Maslin told the FT his company would boost the domestic magnet supply chain, benefiting the US military. The company said it would grow to 50 employees by the end of the year.

Maslin told the FT: “Every ship, every submarine, every tank, every missile, every aircraft, every drone, every satellite — every piece of hardware that moves uses a rare earth magnet.”

Maslin said he had “zero contact with the president’s son” and that his firm’s stake was “small” and without board or observer rights. “This was not about political favours,” he said. “This was purely a merit-based process.”

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