

The S.E.C. Drops Efforts to Recoup Funds From Trump Clemency Recipients

Devon Archer, Trevor Milton and Carlos Watson were convicted in fraud schemes totaling hundreds of millions of dollars. Now, they will not be required by the government to pay back victims.



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By Kenneth P. Vogel

Kenneth P. Vogel has covered the clemency grants issued by President Trump and former President Biden, and their effects.

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The Securities and Exchange Commission this week dropped civil enforcement cases that could have led to penalties totaling hundreds of millions of dollars against three men who were previously granted clemency by President Trump.

The cases had been brought before Mr. Trump took office this year. Each involved people who later allied themselves with him as they pursued pardons for white-collar frauds that, according to juries in criminal cases, cheated victims out of huge sums.

- Devon Archer, who was convicted in connection with a scheme targeting pension funds and a Native American tribal entity, was ordered to pay nearly \$60 million in forfeiture and restitution.
- Trevor Milton was found guilty of lying about the supposed technical achievements of his electric truck maker Nikola. Prosecutors recommended that he pay more than \$660 million back to shareholders.

- Carlos Watson, who was convicted of defrauding investors in his digital media company Ozy Media, was assessed penalties of nearly \$97 million.

All were spared from serving prison time and paying the overwhelming majority of their criminal restitution obligations when Mr. Trump granted pardons to Mr. Archer and Mr. Milton and commutations to Mr. Watson and Ozy.

And now, the S.E.C. action means that they will not have to pay any additional civil penalties to the government (though the dismissals leave open the possibility of private civil lawsuits from victims). Nor will they face restrictions that the commission had sought on their ability to work in securities-related positions.

The dismissals of the civil cases further underscore how Mr. Trump has used the levers of power to help affluent allies who have found themselves crosswise with the federal government he now leads.

A White House official said that the decisions were made by the S.E.C., and referred a request for comment to the commission.

An S.E.C. spokesman declined to comment on the moves. Instead, he pointed to the commission's joint filings with the defendants' lawyers that cast the dismissals, which need to be approved by judges, as an "exercise of its discretion" that do "not necessarily reflect the commission's position on any other case."

Mr. Trump's clemency grants seemed to make the cases less desirable for the commission, which is technically independent but is headed by a Trump appointee and has reflected the president's priorities in its enforcement actions and agenda.

Civil actions like those dismissed this week are typically brought in conjunction with related criminal cases and seek the return of the same ill-gotten funds that are the subject of criminal restitution and forfeiture orders. In settling such civil cases, the S.E.C. will often deduct payments made in connection with criminal sentences.

But Mr. Trump has short-circuited that process by pardoning people before they even begin their sentences or restitution payments. He has brushed aside Justice Department guidelines that prioritize clemency petitioners who have served their time, shown remorse and paid restitution to their victims.

Another case the S.E.C. dismissed this week was against Mark Kuhrt, who had been convicted in 2012 for playing a supporting role in a \$7.2 billion Ponzi scheme. His sentence had been commuted in December 2024 by President Joseph R. Biden Jr. But Mr. Kuhrt had already served years in prison and faced only a \$1,000 penalty in connection with his criminal case.

To be sure, Mr. Biden also drew criticism for his late-term pardons — particularly his far-reaching pardon of his son Hunter — but Mr. Trump has more systematically used clemency to reward those who play to his sense of grievance and loyalty.

Mr. Archer's pardon application highlighted the assistance he provided to prosecutors and congressional Republicans in investigations of his former business partner, Hunter Biden, a frequent target of Mr. Trump. Hunter Biden was not charged in the securities fraud case, and his lawyers have said he was not involved.

Mr. Archer expressed regret for not more carefully vetting the business partners involved in the scheme, while also casting himself as “a victim of financial fraud.”

But his application did not mention the victims of the fraud scheme, a group that included South Dakota tribal entities. Those groups complained in a letter to a judge in 2017 during the sentencing of one of Mr. Archer's co-conspirators that the scheme had deprived a tribal community of more than \$500,000 upon which it was relying to finish building a community center and other buildings on a reservation. The tribal groups added that the accompanying “loss of hope is more devastating than monetary damage.”

Mr. Archer's lawyer, Matthew L. Schwartz of Boies Schiller Flexner, praised the S.E.C. decision, noting that the district court judge presiding over the case had set aside a guilty verdict and ordered a new trial, citing concerns “that Archer lacked the requisite intent and is thus innocent of the crimes charged in this indictment.”

While an appeals court later reversed the district court judge, reinstating the jury verdict, Mr. Schwartz said in a statement on Thursday that “as the president of the United States, a federal judge and now the Securities and Exchange Commission

have all recognized, the cases against Devon Archer should never have been brought.”

Mr. Archer, who is pursuing a cryptocurrency-adjacent business project that could have been hampered by the S.E.C. case, added that “with this page turned, I’m ready to humbly step forward and embrace the life I’ve earned, focused on the future with gratitude and purpose.”

Mr. Milton hired Brad Bondi, the brother of Attorney General Pam Bondi, to help handle the criminal case and the S.E.C. complaint. And Mr. Milton and his wife donated a total of more than \$3.3 million to Mr. Trump’s campaign and Republican Party committees in the weeks before the 2024 election.

While Mr. Milton expressed remorse at his sentencing hearing in 2023, saying that “my intent was not to harm others,” he lashed out in a social media post after the S.E.C. ruling at “the evil men” he blamed for his legal troubles.

“They falsely indicted me, silenced me,” he wrote, adding that the unnamed adversaries “stole my company, bankrupted my company, debanked me, targeted my friends and family, stole most my wealth and tried to put me in prison. But it’s over now.”

Mr. Watson cultivated Trump allies — including the White House pardon czar Alice Marie Johnson and lawyers with connections to the president — while casting himself as a victim of a “selective prosecution.” The framing echoed Mr. Trump’s claims about his own prosecutions. Mr. Watson’s lawyers did not respond to requests for comment.

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