

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 100064 / May 6, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21929

In the Matter of

STEVEN MASTERSON,

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Steven Masterson (“Masterson” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Summary

1. This matter involves insider trading by Steven Masterson in the securities of Dover Motorsports, Inc. ("Dover") based on material nonpublic information that Masterson misappropriated from his close friend, a senior executive at Dover ("Friend"). On November 8, 2021, after market close, Dover announced that it had entered into a definitive agreement to be acquired by Speedway Motorsports, LLC ("Speedway") for \$3.61 per share in a tender offer (the "Announcement"). On the day after the Announcement, the price of Dover stock rose by almost 61%.

2. While vacationing together in September 2021, Friend disclosed to Masterson information related to the proposed transaction in confidence in the context of seeking career advice. Masterson and Friend had a close personal relationship and had a history, pattern, and practice of sharing confidences. Unbeknownst to Friend, Masterson misappropriated the information he received from Friend. After this conversation, Masterson contacted his investment adviser ("Adviser") on the morning of September 16, 2021, and, in breach of a duty of trust and confidence owed to Friend, directed Adviser to purchase Dover stock in advance of the Announcement. Masterson obtained profits of \$50,031. By engaging in this conduct, Masterson violated Sections 10(b) and 14(e) of the Exchange Act and Rule 10b-5 and 14e-3(a) thereunder.

Respondent

3. **Steven Masterson**, age 60, is a resident of Middletown, Delaware. Prior to August 2023, he was President and CEO of a privately-held waste management company and is currently President and CEO of East Texas Ranch Holdings, Inc., a privately-held Delaware corporation. Masterson has never held any securities license and has never been registered with the Commission.

Related Entity

4. **Dover Motorsports, Inc.** was a Delaware corporation, headquartered in Dover, Delaware. Prior to January 4, 2022, its common stock was registered with the Commission pursuant to Section 12(b) of the Exchange Act and traded on the New York Stock Exchange under the symbol "DVD".

Facts

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

5. In July 2021, Speedway engaged Dover in discussions about a potential acquisition.
6. On July 29, Speedway met with representatives of Dover, including Friend, and offered to purchase Dover in a tender offer for \$3.50 per share, or approximately \$127.5 million in cash.
7. During August 2021, a committee of Dover's independent directors engaged financial advisers and discussed Speedway's offer along with a second potential bidder for the company.
8. In September 2021, Masterson, Friend, and others traveled together on an overseas vacation. During this trip, Friend told Masterson, in trust and confidence, that his future with Dover was uncertain because Dover was engaged in merger discussions and was going to be sold. Friend and Masterson had discussed previously the possibility of working together in the future and Friend indicated to Masterson that Dover's acquisition may accelerate that timeline. Friend and Masterson had a history, pattern, and practice of sharing confidences and Friend had a high degree of trust in Masterson.
9. By virtue of their history, pattern, and practice of sharing confidences, Masterson owed a duty of trust and confidence to Friend, and Friend expected that Masterson would maintain the confidentiality of the material nonpublic information. By virtue of this relationship and the duty owed to Friend, Masterson knew, consciously avoided knowing, or was reckless in not knowing that the information disclosed was confidential and he should not trade on the information.
10. Shortly after Friend disclosed the information about Dover's impending sale, Masterson emailed Adviser and directed him to purchase \$100,000 in shares of Dover Motorsports in Masterson's account. Between September 16 and 20, 2021, Adviser purchased 41,500 shares of Dover stock on behalf of Masterson at an average price of \$2.40 per share for a total of \$99,368.
11. Masterson knew, consciously avoided knowing, or was reckless in not knowing that his purchases of Dover stock were in breach of the duty of trust and confidence he owed to Friend.
12. By the time Masterson purchased Dover shares, Speedway had taken substantial steps to commence a tender offer for Dover as described above.
13. On November 8, 2021, after market close, Dover and Speedway announced that they entered into a definitive agreement for Speedway to acquire Dover for \$3.61 per share, or approximately \$131.5 million in cash.
14. The next day, Dover's stock closed at \$3.60 per share, an increase of \$1.36 per share, or 60.71% over the previous day. Masterson sold all of his shares on November 12, 2021, and obtained profits of \$50,031.

15. Based on the foregoing, Masterson violated Sections 10(b) and 14(e) of the Exchange Act and Rules 10b-5 and 14e-3(a) thereunder.

Disgorgement and Civil Penalties

16. The disgorgement and prejudgment interest referenced in paragraph IV is consistent with equitable principles, does not exceed Respondent's net profits from its violations, and returning the money to Respondent would be inconsistent with equitable principles. Therefore, in these circumstances, distributing disgorged funds to the U.S. Treasury is the most equitable alternative. The disgorgement and prejudgment interest referenced in paragraph IV.C shall be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

IV.

On the basis of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Masterson's Offer

Accordingly, it is hereby ORDERED that:

- A. Pursuant to Section 21C of the Exchange Act, Respondent Masterson cease and desist from committing or causing any violations and any future violations of Sections 10(b) and 14(e) of the Exchange Act and Rules 10b-5 and 14e-3(a) thereunder.
- B. Respondent is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act or that is required to file reports pursuant to Section 15(d) of the Exchange Act for a period of three (3) years from the entry of this Order.
- C. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$50,031 and prejudgment interest of \$3,332.55 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600.
- D. Respondent shall, within 10 days of the entry of this Order, pay a civil money penalty in the amount of \$50,031 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Masterson as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Scott A. Thompson, Associate Director, Division of Enforcement, Securities and Exchange Commission, 1617 JFK Blvd., Suite 520, Philadelphia, PA 19103.

- E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary