

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING  
5 Whether there has been a violation of the  
6 Securities Act of Washington by:

7 2014 Yale Partners, LLC,  
8 Edson Fessenden Gallaudet III,

9 Respondents

Order No. S-21-3094-22-CO01

CONSENT ORDER

10 **INTRODUCTION**

11 Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division and Respondents  
12 2014 Yale Partners, LLC and Edson Fessenden Gallaudet III do hereby enter into this Consent Order in  
13 settlement of the matters alleged herein. Respondents 2014 Yale Partners, LLC and Edson Fessenden  
14 Gallaudet III neither admit nor deny the Findings of Fact and Conclusions of Law as stated below.

15 **FINDINGS OF FACT**

16 **Respondents and Related Entity**

17 1. 2014 Yale Partners, LLC (“Yale Partners”) is a Washington entity formed on June 13, 2017  
18 with its principal place of business in Seattle, Washington. Yale Partners was formed to purchase land  
19 located at 2014 Yale Avenue in Seattle and to build six townhouses for resale at a profit.

20 2. Build Urban LLC (“Build Urban”) was a Washington entity formed on August 7, 2009 and  
21 administratively dissolved on June 3, 2021. Build Urban was a real property developer and the managing  
22 member of Yale Partners. In July 2020, several of Build Urban’s real property development projects,  
23 including the Yale Partners project, were placed in receivership. Consequently, although Build Urban  
participated in the offer and sale of the Yale Partners LLC membership offering, Build Urban is not being  
named as a Respondent in this Consent Order.

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760



1 Urban used the \$820,000 investment to pay for Build Urban’s business expenses, including payments to  
2 other Build Urban real property development projects.

3 8. The land for the Yale Partners project was not even purchased until more than a year later. In  
4 August 2018, the land was purchased for \$2.2 million using commercial financing that was secured by a  
5 first position deed of trust for \$3,835,000. (Presumably, the lender advanced the additional \$1,635,000 to  
6 pay for building construction costs.) The land was also subject to a second position deed of trust for  
7 \$500,000 from the land seller.

8 9. Eventually, the Yale Partners project was completed and the townhouses were sold by the  
9 receiver. Although the Yale Partners project was sold for close to the projected sales price and the  
10 acquisition and construction costs were close to the projected costs, the investor lost all of their investment.

11 **Omissions of Material Fact**

12 10. When offering and selling the Yale Partners membership interest, Gallaudet and Yale Partners  
13 failed to disclose to the investor that Gallaudet had experienced a prior business failure as a building  
14 contractor, which resulted in Gallaudet filing for personal bankruptcy in September 2011. (Gallaudet would  
15 file for bankruptcy a second time in June 2021.) Gallaudet and Yale Partners failed to disclose that  
16 Gallaudet was commingling funds for different Build Urban building projects in a single bank account and  
17 was not separately accounting for those funds. Gallaudet and Yale Partners also failed to disclose that Build  
18 Urban had a serious cash flow problem.

19 Based upon the above Findings of Fact, the following Conclusions of Law are made:

20 **CONCLUSIONS OF LAW**

21 1. The offer and/or sale of the LLC interests described above constitutes the offer and/or sale of  
22 a security as defined in RCW 21.20.005(14) and (17).

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Signed by:  
Yale Partners, LLC

/s/  
Edson Fessenden Gallaudet III  
Manager

Signed by:

/s/  
Edson Fessenden Gallaudet III  
Individually

Approved as to form by:

/s/  
Jason Wax, WSBA #41944  
Attorney for Edson Fessenden Gallaudet III

SIGNED and ENTERED this 4th day of February, 2022



William M. Beatty  
Securities Administrator

Approved by:



Brian J. Guérard  
Chief of Enforcement

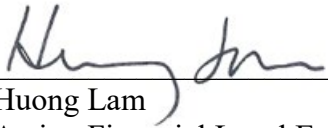
Presented by:



Janet So  
Financial Legal Examiner

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Reviewed by:



Huong Lam  
Acting Financial Legal Examiner Supervisor