
April 6, 2017

Client name

Address

Re: Title of account and account number

Dear Client:

I am writing to let you know about a data security incident which transpired recently.

Between February 21 and March 3, 2017, unauthorized persons gained access to Texas Yale Capital Corp. d.b.a. Yale Capital Corp.'s ("YCC") computer system which stored its clients' personal information. Access was gained through a port that was open for YCC's information technology support company to service its server. Through this port, the perpetrators were able to gain remote access.

Subsequent to these events, YCC engaged forensic analysts to conduct a thorough review of potentially affected records to determine the extent to which this personal information was accessed. After the conclusion of this review, we are relieved to have been informed that it is the professional opinion of the forensic information technology company that client data acquisition was not the purpose of the breach. Based on his extensive experience in the industry, the specialist believed that the hackers were interested in using YCC's IP address for the purpose of bitcoin and social media scams and not mining client data. Although we believe basics such as names, addresses and Schwab account numbers were perhaps seen, this would already generally be information that is present and broadly distributed on any check which is presented to any payee you provide checks to.

Unfortunately we can never say with one hundred percent certainty that your personal non-public information was not compromised. Because the safety and security of your information is a top priority, we wanted to contact you out of an abundance of caution and make you aware of the situation. The forensic information technology company believes that the perpetrators' actions were not centered on accessing or copying YCC data. However, in the course of gaining access to YCC's server, the files the perpetrators viewed contained some clients' personal information, which we believe was limited and may have included their names, addresses, bank account numbers, and brokerage account numbers. We sincerely regret that this incident transpired.

YCC values your privacy and deeply regrets that this incident occurred. We have implemented additional security measures designed to prevent a recurrence of such an attack, and to protect the privacy of YCC's valued clients. The company also is working closely with your brokerage account custodian to carefully monitor all accounts going forward.

Even though we are unable to definitively state at this time if any of your personal information was accessed or taken, we want to make sure you are aware of the incident and that you have resources available to protect your personal information going forward. Please call me personally at 727-430-0591 if you ever receive any wire requests or any correspondence from Charles Schwab or YCC which involves fund transfers of any sort that you did not personally initiate. Again, we do not perceive such an occurrence to be a significant probability, but would still rather err on the side of caution. At the time this letter was written, no client has made us aware of any suspicious activity.

We realize that many clients may not want to go to the trouble of setting up or maintaining any fraud monitoring services. To that end, we would like to facilitate the purchase and enrollment in fraud report monitoring if you so desire. Please contact us if you would like to enroll. Also, detailed in the enclosure are outside tools that details steps to take if you detect any suspicious activity and further protect your information.

We sincerely apologize for any inconvenience this incident has caused for you. Please be assured that we will keep you informed of any developments in the investigation that may be of importance to you. If you have any questions or need assistance, please do not hesitate to contact us at (866) 378-0006.

Sincerely,

Cheyne Pace
Chairman and President

Enc.