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SELECT SUBCOMMITTEE ON THE CORONAVIRUS CRISIS

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

PHONE (202) 225-4400

<https://coronavirus.house.gov>

November 22, 2020

Mr. George Egbuonu  
President  
Yegg, Inc.  
2905 North Sepulveda #233  
Manhattan Beach, CA 90266

Dear Mr. Egbuonu:

I am writing to seek your compliance with a document request the Select Subcommittee on the Coronavirus Crisis sent you more than two months ago. On August 24, 2020, the Select Subcommittee requested your cooperation in an investigation of the Farmers to Families Food Box Program, the Department of Agriculture (USDA) program intended to provide food assistance to Americans struggling to make ends meet during the coronavirus crisis.<sup>1</sup> Since then, the Select Subcommittee has obtained information that raises further concerns about this program and about Yegg's role, yet your company has withheld key documents the Subcommittee needs to conduct its investigation.

The Families First Coronavirus Response Act (FFCRA) authorized USDA to use funds appropriated by Congress to buy food directly from producers and distribute it to Americans in need.<sup>2</sup> Congress intended for USDA to use these funds to provide needed food assistance to American families and create a market for agricultural goods that food producers would otherwise dump due to decreased demand.<sup>3</sup>

The Select Subcommittee's August 24, 2020, letter raised concerns about USDA's implementation of the program, including reports that USDA granted contracts to middlemen that lacked the ability to deliver food, to companies that lacked a required food service industry

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<sup>1</sup> Letter from Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis, to George Egbuonu (Aug. 24, 2020) (online at <https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/2020-08-24.Clyburn%20to%20Egbuonu%20re%20FFFBP%20Yegg.pdf>).

<sup>2</sup> Department of Agriculture, Agricultural Marketing Service, *Press Release: USDA to Purchase up to \$3 Billion in Agricultural Commodities, Issue Solicitations for Interested Participants* (Apr. 19, 2020) (online at [www.ams.usda.gov/content/usda-purchase-3-billion-agricultural-commodities-issue-solicitations-interested](http://www.ams.usda.gov/content/usda-purchase-3-billion-agricultural-commodities-issue-solicitations-interested)).

<sup>3</sup> Committee on Agriculture, Subcommittee on Nutrition, Oversight, and Department Operations, *Opening Statement of Chair Marcia Fudge, Hearing on An Overview of the Farmers to Families Food Box Program* (July 21, 2020) (online at <https://agriculture.house.gov/news/documentsingle.aspx?DocumentID=1936>).

license, and to companies that lacked industry networks needed to efficiently source and deliver food.<sup>4</sup>

The Select Subcommittee's letter also raised concerns regarding the contract awarded to Yegg and Yegg's performance under that contract.<sup>5</sup> Yegg received a \$16.5 million contract on May 8, 2020,<sup>6</sup> despite being a "business finance solutions" company. Yegg reportedly hired a different food distribution company to manage the contract, which may have resulted in higher prices.<sup>7</sup> Yegg's contract was not extended to the second or third round of the food box program. Yegg was recently included on USDA's list of companies eligible for the program's fourth round, but so far USDA has not announced another contract award to Yegg.<sup>8</sup>

Documents and information recently obtained by the Select Subcommittee raise additional concerns about whether Yegg was truthful in its proposal to USDA and whether millions of dollars of food paid for by taxpayers reached the intended recipients.

Documents show that Yegg was awarded a contract to deliver more than 318,000 dairy boxes and 728,000 fluid milk boxes from May 15, 2020 to June 30, 2020.<sup>9</sup> Yegg proposed to provide dairy boxes to "major food bank centers" across ten counties in Southern California.<sup>10</sup> The company claimed to have an arrangement in place with "with several of the major food banks in each of the 10 counties including the biggest regional food bank—Los Angeles Regional Food Bank." However, Yegg appears to have departed from the distribution plan it identified in its proposal. Yegg reported that it delivered almost \$3 million of food boxes, including and 38,956 dairy boxes and 171,000 fluid milk boxes to an organization named Helping Feet. This entity is not a Southern California food bank. Rather, it is an organization that you founded, with no public information indicating a mission, experience, or capacity to deliver food to people in need.

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<sup>4</sup> *USDA Terminates Avocado Grower's \$40MM Food Box Contract*, Blue Book Services (May 21, 2020) (online at [www.producebluebook.com/2020/05/21/usda-terminates-avocado-growers-40mm-food-box-contract/](http://www.producebluebook.com/2020/05/21/usda-terminates-avocado-growers-40mm-food-box-contract/)); *USDA Knocked for 'Unfathomable' \$39M Contract Awarded to San Antonio Event Planner*, San Antonio Express (May 14, 2020) (online at [www.expressnews.com/news/local/article/Federal-food-program-knocked-for-hiring-San-15270354.php](http://www.expressnews.com/news/local/article/Federal-food-program-knocked-for-hiring-San-15270354.php)).

<sup>5</sup> Letter from Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis, to George Egbuonu (Aug. 24, 2020) (online at <https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/2020-08-24.Clyburn%20to%20Egbuonu%20re%20FFFBP%20Yegg.pdf>).

<sup>6</sup> Letter from Hilary Cole, Contracting Officer, Agricultural Marketing Service, Department of Agriculture, to Yegg, Inc. (May 8, 2020).

<sup>7</sup> *To Buy Wholesale Milk for Its Food Boxes, USDA is Paying Well Above Retail Prices*, The Counter (June 4, 2020) (online at <https://thecounter.org/usda-food-boxes-wholesale-milk-retail-prices-covid-19-snap/>).

<sup>8</sup> Department of Agriculture, *Current Basic Ordering Agreement Holders* (Oct. 23, 2020) (<https://www.ams.usda.gov/sites/default/files/media/RoundFourBOAholders.pdf>); Department of Agriculture, *Round 4 Approved Contractors for the Farmers to Families Food Box Program* (accessed on Nov. 6, 2020) (online at [www.ams.usda.gov/selling-food-to-usda/farmers-to-families-food-box/approved-contractors-round-four](http://www.ams.usda.gov/selling-food-to-usda/farmers-to-families-food-box/approved-contractors-round-four)).

<sup>9</sup> Letter from Hilary Cole, Contracting Officer, Agricultural Marketing Service, Department of Agriculture, to Yegg, Inc. (May 8, 2020).

<sup>10</sup> Yegg, Inc. Solicitation Proposal for AG-12-3J14-20-R-0377, Technical Information (Apr. 30, 2020).

You incorporated Helping Feet in 2007 as a California non-profit organization “to provide Debt Consolidation, Educational and Recreational Purpose.”<sup>11</sup> In July 2020, Helping Feet filed an amendment to those articles of incorporation, which you signed. The amendment identified seven additional purposes of Helping Feet, including, among others, “acquisition of vacant land for construction of residential dwellings and subsequent sale or rent to Low-income persons,” “Protection of Endangered Animals and Species,” and “Waste Water Management.” None of the purposes identified in this document included providing food to people in need.<sup>12</sup> The Helping Feet website bears no evidence of active charitable activities and make no reference to food distribution. Instead, the website appears designed to promote a book you wrote, entitled, “How to Get a Job in 30 Days or Less.” The Helping Feet homepage states: “Amazon Best-Selling Book - Over 30,000 Copies Sold!”; “FREE BOOK – ONLY A FEW COPIES AVAILABLE”; and “Hurry! ONLY 400 COPIES AVAILABLE!”<sup>13</sup>

Helping Feet and Yegg appear to share personnel and offices. Helping Feet is registered to the same business address as Yegg,<sup>14</sup> and the registered Chief Executive Officer of Helping Feet, Esther Villars, is also a Director and Vice President of Yegg. You are registered as the Secretary and Chief Financial Officer of Helping Feet, and you are the President, Chief Executive Officer, and Chief Financial Officer, and Secretary of Yegg.

In the Select Subcommittee’s August 24, 2020, letter to Yegg, I requested that you produce documents regarding Yegg’s proposal and contract award, contract performance, payments from USDA, and communications with USDA. After producing a limited set of records on September 14, 2020, your company refused to produce the remaining records, including documents showing the prices you charged USDA, documents describing performance of your contractual obligations, and communications between your company and USDA. On October 21, 2020, your counsel acknowledged that Yegg has additional responsive records and information in your possession that have not been produced to the Select Subcommittee but asserted that Yegg would not produce such documents because of concerns that production would disclose pricing and volume information.

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<sup>11</sup> State of California Secretary of State, *Articles of Incorporation of Helping Feet* (Jan. 8, 2007) (online at <https://businesssearch.sos.ca.gov/Document/RetrievePDF?Id=02909932-5500711>).

<sup>12</sup> State of California Secretary of State, *Certificate of Amendment of Articles of Incorporation of Helping Feet* (July 13, 2020) (online at <https://businesssearch.sos.ca.gov/Document/RetrievePDF?Id=02909932-5500711>).

<sup>13</sup> Helping Feet (online at <https://helpingfeet.com/book>) (accessed on Nov. 10, 2020); *see also* Helping Feet, *About Us* (online at <https://helpingfeet.com/about-us>) (accessed on Nov. 10, 2020) (“Helping Feet is a membership site where we help you get back on your feet if you have experienced job loss or you are simply trying to get a job in any profession or discipline. We hold your hand and take you through a step by step training process and provide to you exactly what to say and do to get you the job you truly desire — regardless of the current state of the economy, your educational level, experience or qualifications”).

<sup>14</sup> State of California Secretary of State, *Statement of Information of Helping Feet* (Mar. 19, 2019) (online at <https://businesssearch.sos.ca.gov/Document/RetrievePDF?Id=02909932-25900254>); State of California Secretary of State, *Statement of Information of Yegg, Inc.* (Feb. 10, 2020) (online at <https://businesssearch.sos.ca.gov/Document/RetrievePDF?Id=02804704-27747762>).

This is not a valid reason to withhold documents from Congress. The price Yegg charged to taxpayers and Yegg's performance on this contract are material to the Select Subcommittee's investigation of potential waste, fraud, and abuse in Farmers to Families Food Box Program. The Select Subcommittee's need for this information is heightened by the new information described in this letter, which raises further concerns about Yegg's application and its performance.

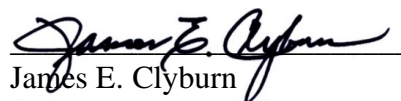
As your counsel acknowledged to Select Subcommittee staff during calls on September 3, 2020, and October 21, 2020, the investigation into the Farmers to Families Food Box Program is part of the Select Subcommittee's legitimate oversight function. The Select Subcommittee was established by the House of Representatives on April 23, 2020, pursuant to House Resolution 935, "to conduct a full and complete investigation" of "issues related to the coronavirus crisis," including the "efficiency, effectiveness, equity, and transparency of the use of taxpayer funds and relief programs to address the coronavirus crisis."

For all these reasons, the Select Subcommittee renews its requests from the August 24, 2020, letter. Please confirm by November 30, 2020, that you will produce all responsive information and documents by December 4, 2020:

In addition, in light of the serious concerns raised by the Select Subcommittee's investigation, please provide the following documents by December 4, 2020:

1. All documents and communications related to the delivery or distribution of food boxes under the Farmers to Families Food Box Program, including but not limited to communications with the Los Angeles Regional Food Bank, Helping Feet, and other organizations receiving and distributing food boxes; and
2. All documents regarding the criteria used by recipient organizations to distribute food boxes.

Sincerely,

  
James E. Clyburn  
Chairman

cc: The Honorable Steve Scalise, Ranking Member