

# [If I'm an independent contractor, why are there rules regarding my conduct?](#)

By Jeffrey Babener © 2013 / 2014

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From a legal standpoint, you are an independent contractor because the company does not tell you when, where, and how to perform your tasks. If it did, you would be an employee. Adopting guidelines on ethical issues, consumer legal safeguards, and general rules for fair competition among distributors does not negate independent contractor status. Independent contractor status generally means that individuals are liable for their own income taxes, unemployment insurance, worker's compensation, etc. In 1982, the federal government specially recognized independent contractor status of direct sellers, and many states have followed suit with specific legislation.

For more information about independent contractor status, please visit the following links:

[MLM Laws in 50 States](#)

[FTC Guidelines on Endorsements and Testimonials – Resource Center](#)

[Internal Revenue Service \(IRS\) Advises Direct Sellers](#)

MLM Distributor Education Videos

[Jeffrey Babener: Company and Distributor Training on the MLM Industry](#)

[Understanding the Basics in Order to Succeed In Direct Selling](#)

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[How to Tell if a Company is a Pyramid or a Legitimate MLM](#)

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And, as always, visit [MLM Legal.com](http://MLMLegal.com), the best MLM resource on the web. The next ***Starting and Running the Successful MLM Company Conference*** will be here before you know it! On May 16<sup>th</sup> and 17<sup>th</sup>, 2013 we are hosting the [MLM Conference](#) for the 25<sup>th</sup> year! This is now our 64<sup>th</sup> annual conference (held almost consistently three times per year over the last 24 years). All executives/owners of MLM, direct selling, network marketing, and party plan companies are welcome to attend. This is the [original MLM Startup Conference](#), hosted and perfected by direct selling industry expert, [MLM Attorney Jeff Babener](#). Call 503-226-6600 or 800-231-2162 to register. (Can't make this event? Keep an eye out for our October and February conferences as well.)

This article is also available online at: <http://mlmattorney.com/blog/2013/01/17/if-i%E2%80%99m-an-independent-contractor-why-are-there-rules-regarding-my-conduct/>

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**Jeffrey Babener**  
On Assignment

On any given day you can catch [Jeffrey Babener](#) lecturing on Network Marketing at the University of Texas or the University of Illinois, addressing thousands of distributors in Los Angeles, Bangkok, Tokyo and Russia, or writing a new book on Network Marketing, an article for Entrepreneur Magazine or a chapter for a University textbook. Over two decades he has served as marketing and legal advisor to some of the world's largest direct selling companies, the likes of Avon, Nikken, Melaleuca, Discovery Toys, NuSkin, and he has provided counsel to the most successful telecom network marketing companies...Excel, ACN, World Connect, ITI, AOL Select and Network 2000. An active spokesperson for the industry, he has assisted in new legislation and served on the Lawyer's Council, Government Relations Committee and Internet Task Force of the Direct Selling Association (DSA) as well as serving as General Counsel for the Multilevel Marketing International Association. He is an MLM

attorney supplier member of the DSA and has served as legal counsel and MLM consultant on MLM law issues for many DSA companies.

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