

Date: [Insert Date]

To: [Attorney Name/Law Firm Management]

From: [Consultant Name/Compliance Officer]

Subject: Worker Classification Risk Assessment: Freelance Paralegal Services

Dear [Name],

This letter provides a formal assessment regarding the classification of [Freelance Paralegal Name] as an independent contractor rather than an employee. Under current Department of Labor (DOL) and IRS guidelines, misclassification poses significant financial and legal risks, including unpaid overtime claims, payroll tax penalties, and loss of workers' compensation coverage.

Current Engagement Status:

- **Behavioral Control:** [Describe if the firm dictates how, when, and where work is performed].
- **Financial Control:** [Describe if the paralegal uses their own equipment and is paid per project or hourly without benefits].
- **Relationship Dynamics:** [Describe the length of the contract and whether the services are a core, permanent part of the business operations].

Risk Factors Identified:

[List specific concerns, e.g., "The paralegal is using firm-provided software and attending mandatory internal staff meetings, which suggests an employer-employee relationship."]

Recommendations for Compliance:

- Ensure a written Independent Contractor Agreement is in place.
- Verify the paralegal maintains an independent business entity (LLC) and professional liability insurance.
- Avoid setting fixed "office hours" and allow the paralegal to control the methods of production.
- Ensure compensation is processed via Form 1099-NEC.

Conclusion:

Based on the "Economic Reality" test, the current risk level is [Low/Moderate/High]. We recommend implementing the above changes to safeguard the firm against potential audits or reclassification claims.

Sincerely,

[Your Signature]
[Your Printed Name]
[Your Title]