

**PRIVILEGED AND CONFIDENTIAL  
SUBJECT TO ATTORNEY-CLIENT PRIVILEGE**

**TO:** [Recipient Name/Board of Directors]

**FROM:** [Legal Counsel Name]

**DATE:** [Date]

**RE:** Strategy for Mitigation of Worker Misclassification Risk

**1. Executive Summary**

This memorandum outlines the legal strategy to address and mitigate potential risks associated with the classification of [Independent Contractors/Freelancers] versus employees under current labor laws, including [FLSA/State Specific Statutes].

**2. Risk Assessment Findings**

Based on our initial audit of the current workforce, the following risk factors have been identified:

- [Factor 1: Degree of behavioral control]
- [Factor 2: Financial arrangements and equipment ownership]
- [Factor 3: Integration into core business operations]

**3. Legal Compliance Strategy**

To minimize exposure to misclassification claims, the following actions are recommended:

- **Contract Revision:** Update all Master Service Agreements (MSAs) to clarify the absence of an employer-employee relationship.
- **Operational Independence:** Ensure contractors maintain control over the "means and methods" of their work.
- **Documentation:** Implement a standardized "Independent Contractor Checklist" for all new engagements.

**4. Remediation and Reclassification Plan**

For roles identified as "High Risk," we propose the following transition strategy:

1. Voluntary reclassification to W-2 status for specific roles.
2. Engagement through a third-party Employer of Record (EOR).
3. Settlement and release agreements where applicable.

**5. Defensive Posture and Litigation Strategy**

In the event of an audit or lawsuit by the [Department of Labor/Relevant Agency], the legal defense will focus on:

- The "Economic Realities Test" outcomes.
- Industry standard practices.
- Evidence of the contractor's independent business enterprise.

**6. Next Steps**

We recommend an immediate review of [Specific Department/Project] by [Deadline Date].

Sincerely,

[Signature]

[Typed Name]