

Creating a Compensation Plan That Is Guaranteed to Be Legal

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How do I create a compensation plan that guarantees to be legal? This is a question that might take one thousand pages to answer. You will find endless articles and videos at www.mlmlegal.com on differentiating a legitimate direct selling company from a pyramid scheme.

A legitimate compensation plan program offers quality products/services at reasonable prices, which are purchased by ultimate users, i.e. who use the products/services and who purchased products/services because they *want* it and because it stands on its own in the marketplace. As opposed to products/services that are purchased where the predominant intent is merely to “buy into the deal.” Pyramid schemes are characterized by bogus products, high investments, inflated pricing, inventory loading, and where the primary intent is to cause independent business owners to pay money for the right to qualify, and they recruit others to pay money for the right to qualify, and so on.

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Our next [Starting and Running the Successful MLM Company Conference](#) takes place February 27th & 28th, 2014 in Las Vegas. Call 503-226-6600 or 800-231-2162 to register.

This article is also available online at: <http://mlmlegal.com/MLMblog/?p=773>

Welcome to MLM Legal - a valuable resource to the Multi-Level Marketing and Direct Sales Industry. Use this site to review interesting articles about this high growth industry. Keep current with the law and how it is affecting large and small companies throughout the United States. MLM Legal is sponsored by Jeffrey Babener of [Babener and Associates](#).



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.
