

AUG 17 1976

NYTimes

F.B.I. TO TRANSFER SOCIALIST INQUIRY

**Kelley Asserts Case Will Go
From Intelligence Branch
to the General Division**

Special to The New York Times

WASHINGTON, Aug. 16— Clarence M. Kelley, Director of the Federal Bureau of Investigation, said today that the bureau's investigation of the Socialist Workers Party would be among those cases transferred out of the bureau's intelligence division under the reorganization he announced last week.

His statement was issued in response to a report in The New York Times today quoting Justice Department sources as saying that the party, because of its alleged international connections, would continue to be treated by the bureau as a counterintelligence case rather than as a domestic security case.

The distinction is important because of guidelines recently issued by Attorney General Edward H. Levi that strictly limit the circumstances under which domestic security investigations may be initiated. The party has up to now been the subject of nearly four decades of continuous scrutiny by the bureau.

F.B.I. Memo Cited

The Justice Department sources confirmed last week the existence of an F.B.I. memorandum, delivered to the department before Mr. Kelley announced his reorganization last Wednesday, in which the bureau asserted that the Social-

ist Workers Party was not strictly a domestic organization because of its association with the Fourth International, a worldwide Trotskyist group.

The party resigned its membership in the Fourth International in 1940, but has continued to send observers to its conventions.

One Justice Department source said after Mr. Kelley's announcement on Wednesday that no decision had been reached on which of the 4,000 cases previously handled by the intelligence division's internal security section would be shifted to its general investigative division.

As examples of groups that, because of their international affiliations, would not be transferred, the source cited the Communist Party, the Palestinian Liberation Organization and the Socialist Workers Party.

Mr. Kelley said today, however, that he had decided to transfer all of those cases previously handled by the internal security section, including the Communist Party and the Socialist Workers Party, to the general investigative division.

He noted that under Mr. Levi's guidelines, "all such domestic security investigations are required to be reviewed by the Attorney General and a periodic determination made as to whether they should be continued."

No explanation was made as to why the bureau, in view of its belief that the Socialist Workers Party had remained a part of the Fourth International, had nonetheless agreed to treat it for investigative purposes as a domestic organization.

But one Justice Department source said that if upon review and consultation with the department it were decided that some cases should be brought back to the intelligence division, "they will return."

"But there's a possibility that none will go back," he added.