EX-SECURITY CHIEF OUITS CHILEAN ARMY

General Headed the Secret Police at the Time Opposition Figure Was Murdered in the U.S.

By JUAN de ONIS Special to The New York Times

SANTIAGO, Chile, March 21-The army high command announced today the resignation of Gen. Manuel Contreras Sepulvera, who was the head of Chile's secret police when Orlando Letelier, an exiled opposition leader, was assassinated in Washington.

The announcement said that the resignation of General Contreras, one of President Augusto Pinochet's closest advisers, was "voluntary," but there was speculation that it was linked to investigations here and in the United States into the Letelier case. The investigations have centered on two suspected agents of the secret police agency known formerly the National Intelligence Directorate, formerly as rectorate, or Dina.

General Contreras was replaced as head of Dina last October after the agency's name was changed to the Central Infor-mation Agency. He had been serving until today as commander of the engineering

command of the army. Eugene Propper, an assistant United States attorney, submitted to Chilean of-ficials vesterday evidence gathered by the Federal Bureau of Investigation iden-tifving two suspects as bearers of official Chilean passports who entered the United States under false names.

2 Wanted for Questioning

2 Wanted for Questioning The suspects, identified as Armando Fernández Larios, an army captain, and Michael Vernon Townley. an American who has lived in Chile since 1957, are wanted for questioning by a Chilean judge at the request of Mr. Propper, who arrived here Sunday. The two are believed to have gone to the United States on Aug. 22, 1976, about three weeks before the murder of Mr. Letelier, who had been Ambassador in the United States for President Salvador Allende Gossens and later served as For-eign Minister.

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eign Minister. The left-wing Popular Unity Govern-ment of Mr. Allende was overthrown by the military in September 1973. Four months later, President Pinochet, com-mender of the army and leader of the military movement, created the secret po-lice agency under the then Colonel Con-tureras treras.

Chilean Investigator Quits

SANTIAGO, Chile, March 21 (Reuters) SANTIAGO, Chile, March 21 (Reuters) —A special investigator appointed by the Chilean authorities to handle inquiries into the murder in Washington of Orlando Letelier resigned tonight, saying he had no iurisdiction over the armed forces. Marcos Libedinsky, an Appeals Court judge, told reporters he had handed over the results of his investigations to the military authorities and declared himself incompetent to continue in the case.