

COLONEL CHARLES SHELTON WAS the last official Vietnam War POW: the one missing American still designated as being alive by the Pentagon. Shot down during a reconnaissance mission over northern Laos on April 29, 1965, the 33-year-old pilot managed to parachute safely from his RF-101C jet and make radio contact with his home base after he hit the ground. But he was grabbed by Pathet Lao fighters and vanished. Unable to verify his fate, the Air Force listed Shelton as "known captured alive" for 29 years.

On Sept. 20, the Air Force, at the request of Shelton's children, finally put the question to rest and changed his status to "killed in action." Last week, as a bugler played taps, the Pentagon held a memorial for Shelton at Arlington National Cemetery. His name will be carved on the back of the headstone marking the grave of his widow who, deeply frustrated by so many dashed hopes, killed herself four years ago.

Even decades later, many families of Americans who might have been left behind in Southeast Asia when the war ended have never felt satisfied that the U.S. did everything it could to find them. As the last POW was symbolically buried, TIME was piecing together the tale of the one attempt the U.S. made after the war to rescue American prisoners. The bare outlines of that 1981 plan have appeared in occasional press stories over the years. The CIA still refuses to discuss the case. Pentagon officials today say the Defense Department never had reliable intelligence on whether Americans were still alive. But here is a full report of that abortive effort, as uncovered in government documents and more than 20 interviews with military, intelligence and Reagan Administration officials involved in the rescue planning:

"W/1" was one of the most sensitive sources the CIA ever developed in Laos: an elderly woman with close ties to the communist leadership in the capital of Vientiane. Only a handful of senior officials in Washington were privy to her information. According to CIA documents, on Nov. 14, 1980, W/1 gave her CIA handlers a startling report: about 30 U.S. pilots were working on a road gang near the central Laotian town of Nhommarath. Those same summaries reported that a spy-satellite photo confirmed that a prison camp had recently been built near the town.

Military officials on the Pentagon's Joint staff in Washington thought that some pilots shot down over Laos were being held captive and could be at the camp. Two months after receiving W/1's report, the Pentagon began preparing Operation



■ SOUTHEAST ASIA

THE AMERICAN

As the nation's last Vietnam POW is declared dead, details

Pocket Change, a top-secret plan to retrieve the airmen. It was the only postwar rescue the U.S. government ever considered in Southeast Asia. The leads that Americans might be at the camp "were the best we ever got," says retired Vice Admiral Jerry Tuttle, the man in charge of the Defense Intelligence Agency's hunt for POWs in 1980.

After the war ended in 1975, reports kept trickling into the CIA's Bangkok station that Americans had been seen among the prisoners working on Laotian road and irrigation projects. In 1979 a Laotian informant

for the DIA named Phimmachack claimed that 18 Americans had been moved to a cave north of Nhommarath. He identified one of them as Lieut. Colonel Paul W. Merland, but no Merland was listed as missing. There was, however, a Lieut. Colonel Paul W. Bannon who had been shot down over Laos in 1969. Pentagon intelligence analysts suspected Merland was a garbled version of the word American, erroneously assumed to be the officer's last name. Phimmachack passed a polygraph test, and satellite photos analyzed in the Pentagon confirmed the cave's location.



LAID TO REST: Colonel Shelton's five children look on at their father's memorial service 25 years after he was shot down in Laos

Vietnam, that American POWs were still alive in Laos. He was also persuaded by a Dec. 30, 1980, satellite photo of the camp that showed a large "52" carved on the ground near the compound's perimeter. He thought it might mean B-52 for a bomber crew. Photo interpreters also pointed to what they believed was a "K," a standard distress signal pilots on the ground used, next to the 52. Other analysts who have seen the photo subsequently argue that the 52 was simply an accidental image, caused by shadow or vegetation. But a Feb. 23, 1981, DIA memo said satellites photographed the camp for a month, and the 52 was always visible in the same place.

Burned by the failure of the Desert One attempt to rescue U.S. hostages in Tehran the year before, senior military officers were in no mood to try again in Laos. But never before had photographic, electronic and human intelligence all pointed to one site where POWs might be alive. National Security Adviser Richard Allen was convinced and relayed the evidence to President Ronald Reagan. The camp was in a remote jungle, and any rescue attempt would be risky, Allen warned. But, he says, Reagan was eager to try.

The CIA was ordered to provide the necessary intelligence. Spy satellites watched the camp 24 hours a day. At one point, according to a CIA source, the agency considered kidnapping a Nhommarath guard to sweat him for information but rejected the idea as too dangerous.

In January 1981, the Joint Chiefs of Staff told the super-secret Joint Special Operations Command (JSOC), which oversees counterterrorist units like the Delta Force, to devise a rescue operation. Tuttle says the DIA built a tabletop-size model of the Laotian camp based on satellite photos and took it to Fort Bragg in North Carolina to help the JSOC with its planning. Members of the Delta Force say the commandos then planned to construct a full-scale mock-up in the Philippines to practice its raid; as cover, it would pretend to be a Hollywood company shooting a commando movie. The JSOC sent intelligence officers to scout a remote airstrip in Thailand, where cargo planes carrying MH-6 helicopters would land to stage the airborne assault. Officers then in the unit say the plan was to have about 40 Delta commandos swoop down on the camp, armed with machine guns, breaching charges and chain saws to cut through doors.

But before the JSOC's Brigadier General Dick Scholtes would risk the lives of his troops, he insisted that Delta conduct its own reconnaissance to confirm that

S LEFT BEHIND

3 emerge on an effort to save captured servicemen

That information, coupled with W/1's November report, convinced some Pentagon intelligence experts that Americans might be at the camp. On Dec. 30, according to a CIA cable from Bangkok, a Thai signal unit called Team-213 alerted the Bangkok station that it had intercepted a radio message from a top Laotian military leader ordering American POWs to be flown from the southern province of Attopu to central Laos. In the same cable, the CIA dismissed the report as fabricated, on the grounds that Team-213 was poorly trained and had not made a tape of the intercept.

But Pentagon officers who had worked with the Thai unit considered the report an important bit of evidence. DIA documents say the National Security Agency confirmed that a plane had left Attopu on the day reported. Another CIA cable from Bangkok said the agency's source in Vientiane, W/1, had delivered a similar report: "starving" prisoners were being moved out of the province because the Laotians were worried that "foreigners" might detect them.

These reports convinced the DIA's Tuttle, who had served as a naval aviator in



CONFUSED OPERATION: Was pilot Paul Bannon the lost American erroneously called Merceland by a Laotian informant?

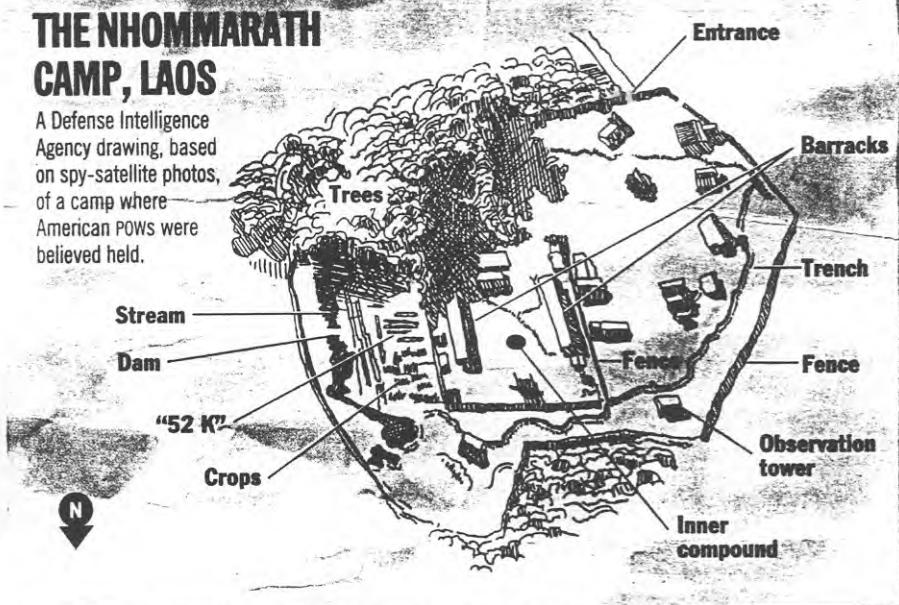
American POW's were really at Nhommarath. According to former CIA officials, the agency argued that it should carry out any ground reconnaissance since Americans would stand out in the Laotian jungle, and Washington needed to retain plausible deniability. CIA officials demanded that Laotians on their payroll carry out the mission. National Security Adviser Allen sided with the CIA after the officials assured him there would be at least one American accompanying the team to view the target.

ALLEN NOW SAYS HE REGRETS THAT decision because the CIA's reconnaissance team performed poorly. No Americans were included. The team was led by a former Royal Laotian Air Force pilot with no commando experience; his main qualifications for the job seemed to be that the CIA trusted him and he was familiar with the Nhommarath area. The team's radios were antiquated. CIA and Delta Force officials say agency staff members who went to a Chicago mountaineering shop to outfit the team with climbing equipment purchased white rope; JSOC officers sent them olive-green rope that would not be spotted in the jungle.

Operation Pocket Change was supposed to be one of the Pentagon's most secret missions. But the Joint Chiefs of Staff did not want to repeat the mistake made in the Desert One fiasco when senior Pentagon officials kept too many key officers in the dark. Tuttle says he was ordered by the Chiefs to expand the circle of officers informed about this operation. On March 18, members of the congressional POW task force were briefed on the Nhommarath sightings. The result was a flood of leaks to

THE NHOMMARATH CAMP, LAOS

A Defense Intelligence Agency drawing, based on spy-satellite photos, of a camp where American POWs were believed held.



the press. Colonel Ronald Duchin, then head of the Pentagon's news division, says he had to persuade half a dozen news organizations to hold their stories until the operation was over.

On March 29, the 13-man CIA reconnaissance team crossed the Mekong River into Laos and almost immediately ran into trouble. According to CIA officials monitoring the team at the time, Laotian army patrols pinned it down for more than a week. One member accidentally shot himself. Another fell ill and had to be evacuated. Though Nhommarath was just 40 miles

they did not. Duchin told *Post* editors that they could go ahead.

The story, which reported that a CIA team had visited a Laotian camp but turned up nothing, appeared on May 21. Duchin sensed that senior civilian officials in the Pentagon were almost relieved that the story was out, and the CIA reconnaissance had proved nothing. "Nobody was eager to launch this operation," he recalls. The Pentagon reacted to the *Post* story by closing the entire operation down.

But inside the military special-operations community, the debate continued over whether the brass had been scared off too soon. Congressional staff members looking into the aborted mission two years ago learned that the CIA team had spent only two hours actually observing the camp, not two days as the agency first reported. The team leaders quickly snapped photographs from positions at least 500 yds. from the camp's perimeter, and most turned out to be blurry; they saw none of the prisoners believed to be housed in an inner compound before they were frightened away by barking guard dogs. The entire operation, Allen now concludes "was a flat-out failure. We missed the best chance we ever had to find POWs still alive."

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—Richard Allen

from the Thai border the team took more than a month to reach the suspect camp and finally returned safely to Thailand on May 13. A week later, say CIA documents, the agency reported to the Pentagon that the team had spent two days at the camp observing about 160 prisoners, but none were Caucasians.

By then Duchin had learned the *Washington Post* was planning to print its story about the proposed rescue raid. He says he conferred with senior Pentagon officials on May 20 to see if they had any objection, and

Last February Laos finally let a Pentagon team into the country to inspect the Nhommarath prison. Americans in the party say nervous Laotian officials rushed them through their tour of the camp and gave them little time to read the prisoner logs. No photographs were allowed. Investigators were permitted to interview only two elderly villagers from Nhommarath who claimed they never saw POWs. The team had to report back that there was "no evidence" Americans had been held there. ■