

Document  
118A

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Due to work load, pressures and urgency of the need for the information, the following is being written hurriedly and will be somewhat disorganized. However, I will attempt to relate, in a digestible form, the information which is most paramount in my mind. Almost all of the information is of an extremely sensitive nature and must, at all costs, be utilized accordingly. Misuse of the information will not only jeopardize my position but also my physical well being.

#### I 118A Network

The CIA's 118A network from Thailand across Laos and Burma into Southern Yunan was established in 1964 - 65. This net utilized KMT and Shan opium caravans to move agents back and forth. Due to an untenable situation in Kengtung, Burma, the net is being abandoned. The code name for 118A was "Yak".

There are, at present, two "Yak" teams <sup>Left</sup> which are at this time, August 2, on their last trip. The team leaders are Moody Taw (with his brother Magabe) and Isaac Lee. After this trip they will be finished with CIA.

Through means which I will not discuss herein, this network can be reactivated, at very little cost, as an anti-smuggling tool. This would enable agents to know at least five days in advance of when any significant shipment of contraband is to be moved south. 118A "stay behinds" will be positioned in locations which are known to me. These "stay behinds" are known to me and/or my sources.

#### II MISCO

The MISCO network runs "Baron Teams" into Burma and China. These teams are under the control of the U. S. Army, operate from the U.S. Embassy in Bangkok and are made up of Chinats.

Many of their SCIs in Burma and China are known to my contacts and "Yak" stay behinds. This strictly military (not a part of the National Security Agency) operation reports to the Pentagon but I do not know if they are participants in the Central Registry. However, due to the type of intelligence which they collect, I doubt that they contribute to C.R.

#### III NSA

I have information that NSA has a complex and sophisticated network in the same area as "Yak". However, I am not familiar with the interworkings of this operation. Their agents operate from Chiang Mai, Nan and other points in Thailand as well as Laos.

I have had contact with one or two NSA people (agent handlers) during the past year with whom I have established friendships. One of them is available, or will be shortly, for hire as he is due to retire soon. He has worked a few cases with Customs Agency Service in the U.S. and is a well qualified agent. His contacts would be of considerable value to the Agency.

#### IV KMT

Remnants of the 93rd and 95th Nationalist Chinese Armies (Chang Kai Shek's Koumintang party) are located at various places in Changwats Chiang Rai and Chiang Mai.

These units are commanded by Generals Lao Lee, and Lee Twang. They have worked for the CIA over 25 years.

The CIA is trying desperately to disengage from these groups who have been and still are the prime movers of contraband. Before coming to Thailand (led by Ambassador "Wild Bill" Donovan of OSS fame with horns blowing and flags waving, the KMT were in Burma where they were located at the end of WW II) these Yunnanese troops were heavily engaged in the opium traffic in concert with Thailand's Minister of Interior, Pao Sriyanon. The KMT, supported by CIA, were defeated at Muang Hsat, Burma by Ne Win's troops with the support of the Chicom. At least 2 CIA agents were killed in this battle and put on public display in Rangoon which triggered a gigantic anti-American demonstration. Ambassador Sebald, ignorant of the whole thing, resigned after Ne Win, who overthrew U Nu, advised him that he had had enough of U.S. and KMT involvement in Burma's affairs.

VIP

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The KMT(now called Chinese Irregular Forces) are now free people (people without a country) because they have refused to go to Taiwan and will not accept Thai citizenship under the conditions offered by the RTG. (Explained in detail to Mr. Greenleaf earlier). This formidable armed force could probably defeat the RTA in an armed conflict because they control the high ground which the Thai (lowlanders) cannot operate in as evidenced in the Phu Kwang operation in the Tri-Province area earlier this year.

These people, along with various hilltribe elements, are pawns in a game being played by CIA and the RTG. Their allegiance can be had through a decent development program.

#### V Shan

The Shan are concentrated in the Shan State(Kengtung) of Burma. There are several factions of the Shan. Some are: NSH(Nationalist Shan Army), SURA(Shan United Revolutionary Army), White Flag and Free Shan. The Shan leaders want unity and will fight to remain free.

With the collapse of LLGA, their last ray of hope is gone. They are now desperate for help. The following is a translation of one report on this subject: "The NSH of the Khun Min unit, located at Muang Yang, Burma has asked for military assistance from Red China. The purpose is to survive as a unit during this critical period. Red China assisted this unit by selling them medical supplies at low prices. This unit consists of about 700 armed men". They did not want to turn to China but had no choice after all other support was cut off. I presume CIA refused to support them.

Supported, this unit can effectively control all movements of contraband moving across Kengtung. Reward money alone would sustain them.

A recent agent report stated, "Because China is withdrawing most of its support from Viet Nam and Laos(Russia is now the prime supporter), it will now concentrate more on the takeovers of Thailand. The first steps (already taken) are to distribute its plans to Chinese cadre(reports indicate that 500 have already established residence) in every changwat in Thailand and then hold clandestine meetings once a month to spread the revolution".

The latest report is that the Chicoms have stated that they will have control of Kengtung State by December 21, 1972. From these bases, movement into Thailand of cadre, weapons and supplies will be greatly facilitated. At present, the only leader in Kengtung with the capability of resisting the Chinese takeover is one of my contacts who is losing the required funds which had come from the LLGA net operation. He is desperate and will "produce" immediately if the minimum of reward money is paid.

#### VI Wa

The Wa State of Burma has been virtually taken over by the Chinese Communists. This area borders Chiang Rai and Laos. They simply did not have the capability to resist. Some of these people are still headhunters - a primitive group. The area is tactically essential to the Chicoms if they are to expand into Thailand.

#### VII Hilltribes - Thailand

Volumes have been written about these people. They have been exploited by business men, abused by RTG officials and neglected by almost everyone. They grow opium because it is a sure cash crop. Their land will grow little else with the same market value - even if there were a market for other crops - which there isn't.

The United Nations, USOM, RTG and various others have done a lot of talking about upland development, crop substitution, etc., but that's about all that's come - talk. The interagency and internal(within each agency) squabbling has resulted in expenditure of funds with nothing accomplished towards improving the conditions of the tribes. USOM/ARD has built some roads but done little else. UN is still on square one led by a Britisher named Williams who is not an organizer and who has alienated most of his staff and colleagues. His Majesty, King Bhumipol has expressed grave concern but his program must remain untainted, so no one (RTG administrators) wants any part of it because they don't dare abscond with any of the King's money or otherwise make a profit from the project. Result - nothing. A lot of talk, a lot of wasted time, money and effort, a lot of propaganda and a lot of smoke blowing - but no measurable progress.

### VIII Enforcement

BNDD and the SNOW program agents have made some sizeable seizures of narcotics in recent months. They have, of course, not really "scratched the surface". The cost has been substantial, convictions few and potentially disastrous side effects have resulted.

In a briefing given by Mr. James Bullington, Vice Consul, American Consulate Chiang Mai, on August 1, he related the following:

1. Opium and derivatives come mostly from Burma.
2. Dealers are mostly KMT and Chinese Haw.
3. The major entry point is the area of Mae Sai, Chiang Rai.
4. There are three BNDD agents in Chiang Mai.
5. SNOW has been "amazingly successful".
6. The smugglers and dealers do not yet have a sophisticated system.
7. Counteraction by traffickers is expected. Threats of assassination have been made against BNDD and Police.
8. It is expected that the routes of the caravans will be shifted to Mae Hong Son.
9. The SNOW program has been successful among the hilltribes because traders are now afraid to go into the hills to buy the opium.
10. However, it is causing severe financial difficulties for the hilltribes who rely on opium sales for income.
11. This is, of course, disrupting the economic system which is based on opium.
12. There are dark clouds on the horizon because the CT are exploiting the enforcement practices of BNDD and CEM to turn the hilltribes against the RTG.
13. A further setback will result in the counterinsurgency effort because if the CT control the hill area, there ~~will~~ be less enforcement in these contested areas and the CT will deal in opium as they are now doing in Chiang Rai and Nan to support the insurgency.
14. A step up in the development of the hill areas to replace opium is essential.
15. However, the hilltribes have no land titles and are, in fact, not citizens of Thailand.
16. Furthermore, the U.S. has the enforcement aspect while the UN has the development.
17. And the UN group has done nothing but bicker.
18. Therefore, the enforcement is far outpacing the development which, at best, won't be started within another year or two.
19. The U.S. request for an aerial survey of the area was denied in Washington and this survey is essential to development planning, enforcement and military operations.
20. BNDD and CEM agents have, in some cases, found only small quantities of opium while searching several hilltribe villages but have found several illegal weapons which justified the search - after all - where can we draw the line.

These are direct quotes of Mr. Bullington. Perusal reveals certain discrepancies in regard to these, I wish to state:

1. Most opiates do come from Burma and Yunnan. They have been moved in large quantities by U.S. supported KMT caravans.
2. Dealers at the border area are largely Chinese. However, there are influential Thai, French, American, Malay and a dozen other ethnic groups involved. One Corsican (friend of Nguyen Cao Ky) in Saigon is a big shipper.
3. The major entry points are Mae Sai (Chiang Rai) and Mae Ai (Chiang Mai) with a substantial amount moving down the Mae Khong to other points. There is, at this time, 20,000 lbs of opium belonging to General Wang in Thachilek to be processed and on the night of August 1 General Wang brought 800 men and 1,200 mules loaded with 72 tons of opium into the border area. As of this writing, I do not know its exact location but have been informed that it is in the Tham Ngawp Camp, Amphoe Fang, Chiang Mai. It was scheduled to go to the heroin labs in the Thachilek - Mae Sai area but was diverted due to the concentration of BNDD and CEM agents in that area. My source is with the caravan and will report the exact location within a few days.

Who is this?

4. There are indeed three BNDD agents in Chiang Mai. A separate report is submitted regarding their recent activities.

5. SNOW has had some success but it remains to be seen how "amazing" it will be.

6. There has been no need for a sophisticated system when it was only necessary to have the means to effect the transportation. There was no resistance because the U.S. CIA was supporting the KMT who moved most of the opium. The KMT were equipped with machine guns and mortars as well as various shoulder weapons (automatics) and hand guns. The system for moving the goods from the border southwards is more sophisticated. I will not go into minute detail about the transportation system but will say that it is quite adequate and diversified. This subject can be explored more at a later time.

7. The prime target is Mr. James V. Pettit, BNDD, who has made few friends in either the Thai or American circles.

8. The routes will probably shift westward because there is practically no resistance there. However, Mae Ai is safe because several policemen have been known to accompany the caravans. The system is such that they are forewarned by radio if interception is planned. One thing to remember is that the caravans are heavily armed, have had many battles in Burma and will just as quickly engage RTG forces who might have grandiose ideas of capturing them. Besides, the Generals (KMT) have an "arrangement" with certain ranking Thai which virtually assures them of immunity. The former Commander of Police Region 5 (North Thailand) was fired last year on a charge of misuse of equipment. He was using U.S. provided vehicles and aircraft to transport opium. He also provided police escorts for other transporters. He was really fired because he wasn't paying his superior enough of the take.

9. True - but only about 5% of the saleable opium is grown in Thailand. Actions by BNDD and CEV against the hilltribes is nothing more than harassment and will prove costly in the long run.

10. The financial difficulties are severe and some of the hilltribes are getting desperate. Desperate people are dangerous.

11. The average per family income of the hilltribes is about \$ 2,500 per year (\$ 125.00).

12. There are most definitely dark clouds on the horizon. The Communists are making broad inroads into the hilltribes and are expanding their "broad base" across northern Thailand. The situation is grave and deteriorating rapidly.

13. With the CT in control of the hilltribe area and the Chicom in control in Kengtung, Thailand will face serious difficulties with which they are not capable of coping. This could escalate into a state where U.S. involvement would increase to a point of troop commitment and - Viet Nam all over again.

14. A development program is essential to replace opium growing in Thailand but the probability of such a program in Burma and Yunnan, the real opium growing areas, is quite remote. The Shan would welcome such a program but the U.S. - Burma diplomatic relationship is not such that a U.S. supported program of this type is likely to emerge any time soon.

15. The hilltribes do not have land titles, citizenship or representation in government. Their protector is His Majesty the King and Her Majesty, the Queen Mother.

16. Not only is there no coordination between enforcement and development personnel, but also no communication.

17. The UN group, the USCI group and the U.S. Embassy group - nobody has done much of anything.

18. Again, the development in Thailand will not stop the growing in Burma and China.

19. An aerial survey could be of value but was more for use by the military. Good informants are worth a lot more. The absence of the aerial survey is an excuse used by most agencies for inactivity. In fact, the CIA has done the survey but isn't sharing it with anyone.

20. BNDD and CEV agents have been arresting hilltribes with a few grams of opium which they carry for their own use. True, they have found a few guns - almost every village has a few illegal guns. It costs the villagers too much "tea money" to get a gun registered, so they just don't bother with it. These small seizures and numerous arrests have infuriated

the hilltribes, the police and the RTG. The damage is already done and the Communists are exploiting it fully.

Time does not now permit me to further expand and expound on these subjects. However, this should give a general look at the futility of the current efforts or lack thereof.

Mr. Bullington was upset with Messrs. Greenleaf, Roberts and Jenkins because they did not notify him that they were coming to Chiang Mai on July 31. He stated that he would have liked to discuss in more detail the ideas of the Customs agents but did not do so because he had not been officially notified by them of their proposed trip. He said "if these people expect to get going in Thailand they will need friends, not enemies, and they won't make many friends the way they are doing". He further stated that he did not see where Customs had anything to offer which was not already being done by BNDD.

#### IX CIA

Chief of Station - Chiang Mai - is Mr. Robert (Bob) Brewer. There are ten American agents assigned and one Air America pilot. The CIA, by order of the Ambassador, is responsible for the collection and dissemination of all intelligence, including narcotics. During the past year, 90% of CIA's efforts have been in narcotics intelligence collection.

It was ironic that CIA should be given the responsibility of narcotics intelligence, particularly since they were supporting the prime movers. Even though the CIA was, in fact, facilitating the movement of opiates to the U.S. they steadfastly hid behind the shield of secrecy and said that all was done "in the interest of national security". Much of the information given by them to the various committees who studied the narcotics problem was inaccurate. This was done, partially, to acquire time to disengage from various groups who were involved in the traffic. The ploy worked with some degree of success but not totally. The CIA was then (early 1972) ordered to assume a low profile until the situation quieted down.

As the CIA disengages from various groups and withdraws support, some seriously adverse conditions are evolving. The dissident groups in Burma do not want Communism but do not have the capability to resist. Some of them are trading opium for weapons which are smuggled from Laos through Thailand.

As of this writing many thousands of people are fleeing Kengtung. There are now over 6,000 Ekaw tribespeople entering Thailand in Chiang Mai and Chiang Rai. They are hungry and many are sick. They have no money and the RTG cannot support them. It is almost certain that they will engage in smuggling activities in order to survive.

Mr. Brewer is an advocate of buying all the opium at a fair market price and then destroy it. Two million dollars was paid for 26 tons of opium in early 1972. This was burned in public display in Chiang Mai. At least some of it was burned. A confidential police source assured me that less than half was actually burned while the other half was resold by RTG officials. This two million dollars was one step in CIA disengagement from the KMT.

There have been other cases in which substantial sums of money and/or other things of value have been exchanged for opium seizures. (Mr. Jenkins probably has the details). Two cases in Lamphun and one in Chiang Mai were very costly. The CIA uses "black bag" money, so it is difficult to determine exactly how much is paid out.

#### X BNDD

In recent months, BNDD and CEN agents have run roughshod through the hills arresting many people. Most of those arrested are hilltribes who smoke opium and keep some for their own use.

The result of this action is that the people, police and RTG, His Majesty the King most of all are quite displeased with BNDD. The police say that they do not want to work with BNDD at all. The Border Patrol Police Commanders, particularly Colonels Thaweeep, Phairete and Choob are very angry and will give only that cooperation to BNDD which they are forced by General Surapol to give.

BNDD and CIA (Pettit and Brewer) do not like each other personally and do not cooperate professionally. Each is trying to belittle the other.

CIA has, for several years, been "top dog" in all overseas posts. Pettit did not care for CIA in Viet Nam when he was a police advisor. He has, as BNDD agent in Chiang Mai, had quite a few "run ins" with Brewer and refused to submit to CIA control.

Reports submitted by Brewer to the Embassy carry quite a bit of weight. No one has ever really questioned the accuracy of CIA reports in this area before. They and BNDD have made quite a few mistakes. Brewer has overreported Pettit's blunders while playing down his own. The Ambassador and others have been misinformed about several important issues which has resulted in poor policy decisions to the detriment of the U.S. effort.

#### XI USOM

The overall USOM program is far from being truly effective. ARD has built a few roads at unbelievably high cost. Public Health and Education are stuck at square one. Public Safety has been headed by an apathetic individual who just sat. Over half of the Public Safety personnel are retired military with no police experience. There is no coordination between Thailand and Laos Public Safety personnel.

The Joseph Z. Taylor, Development Consultant (DEVCON) group is headed by Ray Coffey and Eugene Scales. Coffey is with CIA. These people, eight of them, are the BPP advisors. This, in effect, brings BPP back to the CIA as it was in the beginning. The BPP are, and have been, engaged in smuggling activities, particularly in North Thailand.

#### XII The Police

Generally, the police are subject to take "tea money". A constable's salary is about \$ 30.00 per month with take home pay of about \$ 20.00. A major general's salary is \$ 350.00 per month. This low pay causes the police to turn to corruption for extra income. Good and honest law enforcement will not be seen in Thailand anytime soon.

However, a little money in the right place will result in seizures of contraband and arrests of offenders. "Next day money" would work wonders in gaining information and support from the police.

#### XIII Changwat Tak

The town of Mae Sot is a port of entry from Burma. A navigable river extends from Moulmein, Burma, almost to Kawkarfik, Burma, and a road connects Kawkarfik to Mae Sot. Mae Sot is the choicest place in Thailand for a policeman because of the fortunes to be made in smuggling.

The Chief Police Officer in Mae Sot is named Manote. He is deeply involved in the smuggling business but retains his position (for which he paid \$ 100,000) by funneling part of the profits to officials in Bangkok.

The BPP Commander in Tak is also in the smuggling business. He, too, contributes to the Bangkok bosses.

Contraband is moved by river and road from Moulmein to Mae Sot and then to Bangkok. This route is protected by the Burmese army and the Thai police.

#### XIV RTA and RTAF

The RTA and RTAF use military vehicles and aircraft to move contraband into and within Thailand. Untold tons of opiates have been transported to Viet Nam by RTAF aircraft. RTAF helicopters are now used to drop narcotics in Laos and off the coast at Sattahip to ships in international waters.

#### XV USAF

This is very involved and time does not permit me to write what I know about it. I enjoy a good rapport with CSI and have obtained a lot of information from them. This source is available to Customs Agents.

#### XVI U Nu - Ne Win

U Nu is headquartered in Mae Hong Son. I know some of his officers who move about Thailand when they wish. U Nu is supported, controlled and to some degree loyal to CIA.

I don't trust U Nu but can work with some of his men.

Both U Nu and Ne Win deal in contraband to acquire funds with which to support their armies. The Burmese Army and Burmese Volunteers try to control the opium traffic and collect all they can from it.

The dissident groups of Burma and the warlords sell or trade opium

and art objects for war materials. Ne Win's government does not have control over vast areas where the poppy is grown but U Nu is getting stronger in these areas. Whoever controls the poppy producing areas, controls the wealth of Burma.

Ne Win refused President Nixon's offer of men and materials to destroy the opium poppy fields because, first, he doesn't control the area and second, he needs the money.

The secret to the control of the opium fields is the cooperation of the Shan. I will not state here how it can be arranged, but it can be done quite easily and for very little money when compared to the amount of opium produced and the cost of enforcement by U.S. agencies.

XVII CT Opium

The CT in Thailand harvested and sold in early 1972 between 90,000 and 100,000 kilograms of opium. The funds are being used to support the insurgency in Thailand. Their fields can be seen from the air but the RTG armed elements will not go into the areas on a sweep operation. Most of this opium moved through Phrae and on to Bangkok.

XVIII Laboratories

The heaviest concentration of heroin producing laboratories has been around Thachilek, Burma. There are also laboratories in Mae Sai, Tham Ngawp, Lamphun, Lamphang, Chiang Rai, Ngao, Fang and Tak as well as other areas. There has been a persistent rumor of a French national operating in the Chiang Khong - Muai Sai area. However, I have been unable to confirm this. This subject, too, can be explored more at a later time.

Who is this?

XIX Black Gibbon God - Maw Na

There is a Lahu "man god" in Muang Hsat, Burma, named Maw Na who controls the Lahu (Musoe) tribes in Burma and Thailand. He is about 60 years old now and is passing power to his eldest son.

The Lahu (black, red and yellow tribes) are engaged in a civil strife in Burma and need money to support their movement. They trade opium to Lao Lee (KAT) for guns from Laos. Though small in number, these are fierce fighters, with a proud history. They are closely related to the Karen and Shan. (I will relate the story of their confederation at a later time).

Maw Na's son and I have a mutual friend. The information which he has and the assistance which he can give is invaluable. He will cooperate for a reasonable price.

XX Personnel

As you can see by the little that I have written, the magnitude and complexity of the situation is great. Therefore, the personnel assigned to this area cannot be just someone who volunteers to work here. It will require personnel who have a fair knowledge of Southeast Asian history, politics and culture.

The political ramifications alone are staggering. Culture is all important to an Asian. To a Thai the "Big 3" are Buddha, King and Country. Unfortunately, many Americans working in Thailand do not try to learn these things and as a result offend the Thai by violating their customs.

I strongly recommend that only hand picked personnel be assigned here. Language capability is desirable but not essential. A seasoned Chinese agent could be a great asset. The tribal dialects are many and difficult to learn. Bilingual assistants are available at reasonable salaries.

The wrong person can do more harm than good as is being witnessed with some BNDD agents. In the long run we will lose much more than we gain.

XXI U.S. Political Aspects

Begun quickly and handled properly, enough progress can be made before the November election to have a definite effect on its outcome. Mr. Nixon can use this type of progress with good press coverage.

Cooperation by the Thai and groups in Burma can be had. It will require some funds but not a lot when compared to what is at stake. It would not require buying 26 tons of opium for 2 million dollars. The people in Burma are desperate and will work if they are only given hope

for the future. It must be exploited quickly or it will be lost.

XXII Miscellaneous

A. There is a Lahu saying which goes, "Once a man has been bitten by a viper, he is frightened by a green blade of grass". I have been bitten as Mr. Jenkins can attest. But, another saying is "It is difficult for a man to climb a tree with another man hanging onto his feet". Right now, you in Customs have several people hanging onto your feet. Hopefully, this will change very soon.

B. The ideal situation would be to have a truly coordinated effort by all U.S. agencies present in this area. Unfortunately this has not been the case in the past and is not likely to be the case in the near future. The cooperation can be improved a great deal if personnel with compatible personalities are assigned to the area.

C. Mr. James Montgomery, the American Consul in Chiang Mai, is also the coordinator for Counterinsurgency. In this capacity he sometimes feels that he is the boss of everyone in the area. When not given "all the details" he becomes furious and submits lengthy "poison pen" cablegrams to the Embassy. Mr. Montgomery and Mr. Bullington have been staunch supporters of ENDD. Due to recent ENDD - police friction, they are having second thoughts about the ENDD operation.

D. USOM/PS has taken the stand that intelligence is the responsibility of CIA and enforcement in the responsibility of ENDD. The reason for this is that the leaders in Public Safety have not been professional policemen but, generally, retired military.

Given guidance, training and support, the Thai Police will work to curb smuggling. Unfortunately, the name of the game has been counterinsurgency. This is the magic word which got funds and personnel for USOM.

Public Safety advisors have been, if not forbidden, discouraged from developing information. That information which is acquired is supposed to be passed to CIA. CIA then takes it and feeds it back, not always in the context in which it was written, to various agencies for action. The average feedback time is 90 days which is too slow to be of any value in Customs work. Currently, most Public Safety advisors don't report very much.

E. General Prapas is the power in Thailand. He is a reasonable man who can, properly informed, be persuaded to support good Customs enforcement. Since 40% of the Thai budget comes from revenue and since it appears probable that good Customs enforcement can double the income from this source, I am positive that he will support such a program. Police Colonels Chavalit, Pao and Det are my good friends who will definitely support such an undertaking.

F. In the event that I am, in any capacity, connected with the Customs enforcement program, I will perform to the best of my ability. As stated earlier, the information contained herein has been hurriedly recorded from memory and is not an in depth study. If, after reading this, you are interested in an expanded input, I will, as time and circumstance permit go through my records, files and notes, extract pertinent data. However, in all fairness, I must reiterate the conditions as verbally stated previously. The green blade of grass is waving menacingly.