



UNITED C.E.O. IS OUT AMID INQUIRY AT PORT AUTHORITY

News / Airlines



The chief executive and two senior officials of [United Airlines](#) resigned on Tuesday amid a federal investigation into whether the airline had traded favors with the chairman of the Port Authority of New York and New Jersey.

The United States attorney for New Jersey has been investigating whether United, the nation's third-largest airline, agreed to reinstate money-losing flights to the airport nearest the weekend home of the authority's chairman, David Samson, in return for improvements the airline wanted at Newark Liberty International Airport, where it is the biggest carrier.

The resigning chief executive, Jeff Smisek, is the former chief executive of Continental Airlines and prevailed in his bid to lead United after the two airlines merged in 2010. But United's performance since the merger has lagged rivals' and angered passengers, as it suffered from delays, a breakdown of its reservation system and other computer problems.

United named Oscar Munoz as president and chief executive to replace Mr. Smisek. He is a member of the United board who previously ran the rail giant CSX.

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Mr. Samson was appointed by Gov. Chris Christie of New Jersey in 2010. He [stepped down in March 2014](#), months after records subpoenaed by the New Jersey Legislature revealed that some senior aides to Mr. Christie had worked with Port Authority officials to close lanes leading to the George Washington Bridge under false pretenses, to punish a mayor who had declined to support Mr. Christie's re-election.

The investigation of the flights to South Carolina is a somewhat unlikely outgrowth of the federal inquiry into the lane closings, a scandal that has already harmed Mr. Christie's once-promising bid for the presidency.

The lane-closing scandal, which exploded in early 2014, opened a window into the once-inscrutable operations of the Port Authority. The agency operates bridges, airports and other vital transportation resources in the region, and commands an annual budget of more than \$8.2 billion, with plans to spend another \$28 billion in capital improvements over the next decade.

United's executive vice president for communications and government affairs, Nene Foxhall, and the senior vice president for corporate and government affairs, Mark R. Anderson, also resigned, the company said.

In February, federal prosecutors issued subpoenas that appeared to be focused on whether Mr. Samson had pushed United to reinstate flights between Newark and Columbia, S.C., that he used to travel to and from his weekend home in Aiken, S.C. — a route that Port Authority officials nicknamed "the chairman's flight." Ms. Foxhall and Mr. Anderson were among the United officials whose communications with the Port Authority had been subpoenaed.

"The departures announced today are in connection with the company's previously disclosed internal investigation related to the federal investigation associated with the Port Authority of New York and New Jersey," the company said in a statement. "The investigations are ongoing and the company continues to cooperate with the government."

Though the resignations would appear to signal trouble for Mr. Samson, the authorities have given no sign that they were ready to bring charges in connection with the "chairman's flight" arrangement and apparently did not know the executives were stepping down until Tuesday.

The resignations also complicate the fortunes of Mr. Christie, a Republican, as he moves ahead on his presidential bid, by underscoring the accusations of cronyism that have dogged his administration since the bridge scandal broke.

The governor has distanced himself from other figures implicated in the scandal, saying they had deceived him. But Mr. Samson, despite his resignation, has remained one of the governor's closest advisers.

Several months ago, United asked the law firm Jenner & Block to conduct an internal investigation into the airline's dealings with Mr. Samson and the Port Authority. At the time, lawyers close to the case predicted that it would lead to the resignation of Mr. Smisek and possibly other executives, in the hope that the airline could avoid prosecution.

Karen Kessler, a spokeswoman for Mr. Samson's lawyers, said they had no new information about the federal investigation. She declined to say what it might mean for Mr. Samson. "This is a United matter," she said.

United's shares closed down 1.5 percent at \$56.51 a share following the announcement on Tuesday. The stock has underperformed Delta Air Lines since the merger, as investors have become increasingly weary of the United's financial returns and operational record.

There had been calls for Mr. Smisek to resign and for a new management team to take over, before the investigation was made public.

[United filed a report with the Securities and Exchange Commission on Tuesday](#) indicating that Mr. Smisek would receive nearly \$4.9 million in a separation payment, and 60,000 shares of stock, valued at over \$3 million. It also said he had agreed to cooperate fully "in the defense, prosecution or conduct of any claims or investigations which relate to events or occurrences that transpired" while he was employed.

United discontinued the flight to South Carolina within days of Mr. Samson's resignation from the Port Authority. His law firm, once one of the most prominent and politically connected in New Jersey, has been reshaped under a new name and new leadership.

Upgrades at the Newark airport were a central part of the Port Authority's plan, announced in early 2014, to spend \$8 billion to improve airline service to the region. Among the improvements United officials had been pushing was an extension of PATH commuter rail service from downtown Newark, which would have given the airline's passengers the option of a one-seat train ride from Lower Manhattan to the airport. United also sought a reduction in its rent.

Records also indicated that federal investigators were looking into United's introduction of flights to the Atlantic City airport. The Port Authority had taken over the operations of that airport, which had been run at a loss by one of Mr. Samson's clients.

A spokesman for Paul J. Fishman, the United States attorney for New Jersey, declined to comment on Tuesday, as did spokesmen for Mr. Christie and the Port Authority.

The bridge inquiry has already resulted in the indictments of two top Christie appointees: Bridget Anne Kelly, a former deputy chief of staff, and Bill Baroni, who resigned in 2013 as the deputy executive director at the Port Authority. They are scheduled to go to trial in March.

Another top Christie ally at the authority, David Wildstein, [pleaded guilty in May](#) to charges that he and Ms. Kelly and Mr. Baroni had conspired to close the lanes knowing that the resulting traffic jam would gridlock the town of Fort Lee, N.J., where the mayor, a Democrat, had declined to endorse the governor's re-election.

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