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MEMORANDUM FOR THE RECORD

Event: Gerard Arpey

Type: Interview

Date: January 8, 2004

Special Access Issues: None

Prepared by: Bill Johnstone

Team Number: 7

Location: American Airlines Headquarters; Ft. Worth, TX

Participants (non-Commission): Gerard Arpey, President and CEO of American Airlines; Desmond Barry, Condon & Forsyth, LLP; Christopher Christensen, Condon & Forsyth, LLP; Douglas Cotton, AA Senior Attorney

Participants (Commission): Bill Johnstone; John Raidt

Background

[U] From 1999 through early 2002, Gerard Arpey was Executive Vice President for Operations for American Airlines, as well as its parent, the AMR Corporation, reporting to Chairman Don Carty, and after a restructuring, to Vice Chairman Robert Baker as well. In that position, he was responsible for Flight, Maintenance, Systems Operation Control, Crew Scheduling, Cargo, the American Eagle division, and certain other business units.

[U] In the spring of 2002, Arpey was made President of American Airlines and AMR and in April of 2003, he became President and CEO, a position he still holds.

Relationship with Security Division

[U] The Safety, Security and Environmental division (headed on 9/11 by Tim Ahern) was not within Arpey's domain, and it reported directly to the Chairman and Vice Chairman. Arpey saw the role of his Operations division as implementing security measures developed by the Security division. Part of the reason for this arrangement was to allow the safety and security side to be separate from Operations so it could provide independent analysis and judgment of operational performance.

[U] Screening contracts were handled by the individual General Managers at American's stations

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[U] The Security division would work with the FAA on security rules and regulations, while Arpey's task was implementation and, culturally, he took compliance with these rules and regulations very seriously.

[U] Arpey did not recall any specific disagreements he had with the Security division or problematic security initiatives, but he noted that any such disputes would have been taken to the Chairman and Vice Chairman for resolution. Arpey felt that there were more security issues internationally than domestically.

[U] Overall at American, Arpey reported, "We have the attitude that we want to set the standard for performance," including for safety and security.

Summer of 2001

[U] Mr. Arpey remembered that in the months leading up to 9/11, the airline was focused on its competitive position within the very complex aviation industry (this was particularly relevant to Arpey because his background had been in the financial arena), and operational reliability (on-time performance, scheduling, etc.).

[U] According to Arpey, the Operations division was constantly challenged to stay ahead of customers' expectations of safety, security and on-time performance.

[U] Arpey did not recall any extraordinary security threats during this time period.

The Day of September 11, 2001

[U] Mr. Arpey had flown back to Dallas/Ft. Worth from Boston on the evening of September 10 in order to be back for an Executive Committee meeting with the Chairman and Vice Chairman scheduled for the 11th.

[U] Arpey came to the office between 7 and 7:15 a.m. (Central Time, as are all subsequent time entries in this memo) on September 11 to get ready for the Executive Committee meeting. Around 7:30 a.m. Arpey made a call to Russ Chew in System Operations Control (SOC) to indicate that he would not be able to participate in that morning's daily 7:45 a.m. conference call (which included SOC, maintenance and flight operations) because he needed to prepare for the Executive Committee meeting. Arpey's call was answered by Joe Bertapelle who thought Arpey was responding to a page.

[U] Bertapelle informed Arpey that Craig Marquis was on a phone call with an American Flight Attendant who was reporting that "bad guys" were on her plane and a Flight Attendant had been stabbed. Arpey recalled that at that point, he was wondering if the report was real: given the number of "crank" calls they received. He was conditioned to be somewhat skeptical. However, Bertapelle concluded his report by informing Arpey that the Flight Attendant had reported a cockpit intrusion. This fact alarmed Arpey that the incident could be the real thing.

[U] Immediately after finishing the conversation with Bertapelle, Arpey put in a call to Don Carty, but was unable to get him and left a message. He then took Don Huffman (head of Maintenance and Engineering) with him to the SOC.

[U] When Arpey arrived, he saw that Joe Bertapelle, Craig Parfitt and Kyle Phelps were setting up the System Operations Command Center (SOCC), and he knew that they had concluded the incident was real. At this point, Marquis was still on the phone with the Fight Attendant, and had confirmed the event as a hijacking. The SOCC was beginning to implement the FAA procedures for dealing with a hijacking.

[U] Around 7:45 or 7:50 a.m., as the SOCC was filling up with people, they got a report from the SOC that the WTC had been hit (the SOCC was unable to get CNN on its viewing screens that day), and the group was trying to "absorb" that fact. This task was complicated by the fact that a number of what later proved to be erroneous reports were coming in (including the initial account that the WTC had been struck by a small airplane).

[U] Just after these initial reports (but before 8 a.m.), Arpey received a call from Carty who wanted to know if the WTC crash had been the American flight. Arpey replied that they didn't know. They had confirmed the hijacking of Flight 11, and knew it was flying toward New York City and descending.

[U] Around 8 a.m. (before the second WTC crash) the SOCC (including Arpey) learned that communications had been lost with American Flight 77, and at that point Arpey ordered a ground stop of all American flights in the northeast. Between 8:05 and 8:10, another report came in to the SOCC that communications and transponder contact had been lost on a United Airlines flight, and the AAL ground stop was extended to the whole country. Arpey recalled that at this point in the SOCC, it was people reacting instinctively to a series of bad events, trying to determine the safest thing to do.

[U] In this same time frame, the SOCC got what turned out to be an erroneous report that American had lost communications with a New York-Seattle flight. Then, around 8:15 a.m. the SOCC got a report that a second aircraft had hit the WTC, and shortly thereafter the SOCC was finally able to receive TV coverage of the unfolding events at the WTC. At that point, Arpey felt that they needed to get all of their airborne flights "on the deck" and the others in the SOCC agreed. Carty arrived at the SOCC shortly thereafter, Arpey briefed him on what had transpired, Carty concurred with ordering the grounding of all flights, and the grounding order went out. Ten to fifteen minutes after the American grounding order, the SOCC learned of the FAA national ground stop.

[U] Arpey recalled that in this time period, things were happening very rapidly and there were more, ultimately inaccurate, reports about other aircraft. Bertapelle and Parfitt were responsible for implementing the ground stop, and it was their decision as to what to communicate to the airborne flights. The SOCC was trying to think about what to do in the aftermath of the grounding, but he does not recall that the subject of reverse screening of deplaning passengers was raised.

[U] By this point, most of the senior American Airlines management was in the SOCC. Arpey recalled that with the mass of erroneous reports, he began to tune out unconfirmed details by this point, and thus was not really involved in the speculation as to whether Flight 77 had hit the WTC. Nor did Arpey recall any discussion about the use of a gun on any of the hijacked flights.

[U] Arpey stayed in the SOCC the entire day, and at the end, as head of Operations his focus had to be on how to get the airline up and running again.

Post 9/11

[U] Mr. Arpey recalled that in the conference calls between FAA and the airlines which occurred in the days immediately after 9/11, the airlines did not oppose or seek to veto potential security measures but simply provided factual information on their assessment of the impact of the various proposals.

Recommendation

[U] Mr. Arpey believes that security must be maintained as a matter of national security, with sufficient resources provided to get the job done.