

# New York Ousts Cannabis Chief as Inversion Probe Collapses

## New York Cannabis Chief Resigns as Major Inversion Probe Collapses

New York's top cannabis regulator abruptly resigned Monday after the state's most significant crackdown on alleged marijuana inversion fell apart, upending an investigation that had implicated millions of dollars' worth of product and several well-known brands.

Felicia Reid, who had led the Office of Cannabis Management (OCM) since June 2024, stepped down at the request of Gov. Kathy Hochul, according to reporting from *The Capitol Pressroom*. Hochul also asked the head of OCM's newly established investigative division to resign as the state scrambled to contain the fallout from the unraveling case.

### **Governor Hochul Forces Leadership Shakeup as Inversion Case Unravels**

The resignations came as OCM dismissed its high-profile case against Omnia Health, a Long Island cannabis processor and distributor accused of orchestrating a scheme to smuggle illicit marijuana into New York's \$1.8 billion regulated market.

The alleged scheme had drawn intense scrutiny because it also touched major national brands and raised questions about whether licensed operators were illegally funneling out-of-state marijuana into the supply chain.

Also departing is James Rogers, director of OCM's new Trade Practices Bureau—an investigative unit specifically created to combat product inversion. Both Reid and Rogers are expected to exit the agency by the end of the week. OCM declined to comment.

In a statement provided to *The Capitol Pressroom*, Hochul linked the leadership changes directly to the Omnia collapse.

"Too often, the Office of Cannabis Management has stood in the way of the market realizing its potential, including most recently in the case of a pending compliance action that it has had to withdraw," Hochul said.

### **High-Stakes Inversion Allegations Withdrawn**

OCM's now-abandoned case against Omnia had threatened to impose the harshest penalties ever sought against a licensed cannabis operator in New York.

Investigators alleged that Omnia allowed major out-of-state cannabis brands to "rent" its license—using the company's legal permits to funnel unregulated and out-of-state product into New York dispensaries. The

Trade Practices Bureau, which began investigating the company in February, claimed to have found THC isolate stored at Omnimium's facilities with no evidence of legal, in-state production.

The agency had sought sweeping penalties, including:

- Revoking Omnimium's processor and distributor licenses
- Debarring company principals from ever reapplying for cannabis permits
- Levying a major fine tied to projected revenue generated through the alleged scheme
- Forcing a large-scale recall and destruction of any products made using unlicensed processors

The case's sudden collapse leaves major questions about enforcement capacity within the state's nascent regulatory system.

## **Second New York Cannabis Czar to Exit Under Pressure**

Reid's departure marks the second time in less than a year that Gov. Hochul has pushed out the state's top cannabis regulator.

Her predecessor, former Executive Director Chris Alexander, resigned in May 2024 following a blistering audit by the governor's office, which criticized the chaotic rollout of adult-use sales and labeled the market launch a "disaster."

Reid's brief tenure was dominated by efforts to stabilize a system plagued by slow licensing, thousands of unlicensed shops, and industry frustration over stalled enforcement efforts. Her exit paired with the collapse of a marquee investigation signals yet another turbulent chapter for a cannabis program that has struggled to find steady leadership.

With the resignations, New York's cannabis industry faces further uncertainty as the state seeks yet again to reset its regulatory framework amid mounting pressure from lawmakers, operators, and consumers.

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