



# Investigations

## The Collapse of the Banking Sector in Iceland

The Icelandic government is committed to a full and comprehensive investigation of the events that led to the downfall of the three largest Icelandic banks in October 2008. Rigorous measures have been taken in close cooperation with authorities in other countries and renowned international experts to ensure that possible wrongdoings related to the collapse of the Icelandic banking sector are thoroughly investigated and prosecuted.

### The Office of the Special Prosecutor (OSP)

- The OSP was established in late 2008 and granted wide ranging powers. It investigates criminal conduct and brings forward prosecutions in connection with the collapse of the Icelandic commercial banks.
- The OSP has conducted around 40 dawn-raids, interrogated some 120 persons and is processing some 60 cases, of which 17 have been dismissed or referred elsewhere. The remaining 43 cases are complex and concern considerable financial interests. They concern fraud, market manipulation, insider trading and potential violations of acts regulating financial undertakings and limited liability companies.
- The OSP enjoys the assistance of various individuals and agencies, including the Norwegian-French former investigative magistrate Mrs. Eva Joly, MEP, renowned for her investigation and rulings in the Elf-case in France. The Special Prosecutor also cooperates with Europol HQ in The Hague, the Serious Fraud Office in the UK and authorities in Luxembourg.

### The Special Investigation Commission (SIC)

- The SIC was established by the Icelandic parliament under the aegis of parliament, to investigate and analyse the processes leading to the collapse of the three main banks in Iceland. A Supreme Court

Justice serves as chairman of the Commission. Iceland's Parliamentary Ombudsman of Iceland, and a lecturer and an associate Chair at Yale University are the two other members. The Commission is assisted by full and part time staff of up to 50 experts.

- More than 300 persons have provided information to the Commission and more than 140 persons have appeared before the Commission in a formal hearing. The SIC has wide powers including the power to search all premises, to seize evidence considered necessary for the purposes of its investigation and to subpoena witnesses.
- The SIC investigation will be concluded with a report made public in late February or shortly thereafter. Any suspicions of criminal conduct arising during the SIC's investigations will be notified to the Prosecutor General for possible criminal prosecution.

### The Icelandic Financial Supervisory Authority

- (FME) has referred more than 30 cases to the OSP based on its investigations into insider trading, foreign exchange transactions, marketing and investments of money market funds, market manipulation and loan procedures.

### The resolution committees/winding-up boards

- of the old banks have all hired forensic auditors, amongst them international experts from Deloitte, PwC and Kroll, to conduct a forensic audit and various other exercises in asset recovery at an international level.
- They are investigating measures taken by the respective banks before they were granted a moratorium, focusing particularly on the possible rescission, on the basis of the Icelandic bankruptcy act, of measures taken by a bankrupt party.