

REYKJAVIK (AFP) - Police in Iceland on Tuesday raided nine finance firms suspected of criminal activity that contributed to the country's economic collapse, the official leading the investigation said.

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Special Prosecutor Olafur Hauksson told AFP the premises of investment groups Milestone, Sjoa and seven other unnamed companies were searched Tuesday and officers seized electronic data to be used as evidence.

"We started at 10:00 am this morning in several different places, but no arrests have been made yet," he said. "Some people will be questioned once we have completed these searches."

Hauksson also said the homes of executives linked to the companies involved had been raided, but declined to give names or locations.

He explained his team wants to establish if any crimes were committed in the handling of "investments and loan activities" that played a part in the meltdown of Iceland's once-prosperous financial sector last October.

The state was forced to take control of Iceland's three biggest banks -- Kaupthing, Landsbanki and Glitnir -- after they found themselves short of cash and facing collapse.

Iceland, a North Atlantic island of 320,000 people that is not a member of the European Union, saw its centre-right government resign at the end of January amid massive public protests over the country's economic crisis.

Raids on financial firms shocks Iceland

Written by AFP / The Swedish Wire

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An interim centre-left government won a general election on April 25, promising much tougher regulations for the country's banking sector.

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