

CAPITAL SOUTHWEST CORP

Form 40-17F2

February 04, 2009

OMB APPROVAL

OMB Number: 3235-0360

Expires: July 31, 2009

Estimated average burden

hours per response 2.1

1. Investment Company Act File Number :

811-1056

Date examination completed:

January 5, 2009

2. State Identification Number:

AL	AK	AZ	AR	CA	CO
CT	DE	DC	FL	GA	HI
ID	IL	IN	IA	KS	KY
LA	ME	MD	MA	MI	MN
MS	MO	MT	NE	NV	NH
NJ	NM	NY	NC	ND	OH
OK	OR	PA	RI	SC	SD
TN	TX	UT	VT	VA	WA
WV	WI	WY	PUERTO RICO		

Other (specify):

3. Exact name of investment company as specified in registration statement:

Capital Southwest Corporation

4. Address of principal executive office (number, street, city, state, zip code):

12900 Preston Road, Suite 700, Dallas, Texas 75230

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OMB APPROVAL

OMB Number: 3235-0360

Expires: July 31, 2009

Estimated average burden

hours per response 2.1

1. Investment Company Act File

811-1947

Date examination completed:

January 5, 2009

2. State Identification Number:

AL	AK	AZ	AR	CA	CO
CT	DE	DC	FL	GA	HI
ID	IL	IN	IA	KS	KY
LA	ME	MD	MA	MI	MN
MS	MO	MT	NE	NV	NH
NJ	NM	NY	NC	ND	OH
OK	OR	PA	RI	SC	SD
TN	TX	UT	VT	VA	WA
WV	WI	WY	PUERTO RICO		

Other (specify):

3. Exact name of investment company as specified in registration statement:

Capital Southwest Venture Corporation

4. Address of principal executive office (number, street, city, state, zip code):

12900 Preston Road, Suite 700, Dallas, Texas 75230

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors of  
Capital Southwest Corporation and Subsidiaries:

We have examined management's assertion, included in the accompanying Management Statement Regarding Compliance With Certain Provisions of the Investment Company Act of 1940, that Capital Southwest Corporation and subsidiaries (the "Company") complied with the requirements of subsections (b) and (c) of rule 17f-2 under the Investment Company Act of 1940 (the "Act") as of January 5, 2009. Management is responsible for the Company's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. Included among our procedures were the following tests performed as of January 5, 2009, and with respect to agreement of security purchases and sales, for the period from September 30, 2008 (the date of our last examination) through January 5, 2009:

- Count and inspection of all securities located in the vault of JPMorgan Chase in New York City, New York without prior notice to management.
- Confirmation of all securities held by Citigroup Global Markets, Inc.
- Reconciliation of all such securities to the books and records of the Company and the Custodian.
- Agreement of seven security purchases and nineteen security sales or maturities since our last report from the books and records of the Company to the Company's bank statements.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that Capital Southwest Corporation and subsidiaries complied with the requirements of subsections (b) and (c) of rule 17f-2 of the Investment Company Act of 1940 as of January 5, 2009, with respect to securities reflected in the investment account of the Company is fairly stated, in all material respects.

This report is intended solely for the information and use of management and the Board of Directors of Capital Southwest Corporation and subsidiaries and the Securities and Exchange Commission and is not intended to be and should not be used by anyone other than these specified parties.

/s/ Grant Thornton  
LLP  
Dallas, Texas  
February 2, 2009

Management Statement Regarding Compliance  
With Certain Provisions of the Investment Company Act of 1940

We, as members of management of Capital Southwest Corporation and subsidiary (the "Company"), are responsible for complying with the requirements of subsections (b) and (c) of rule 17f-2, "Custody of Investments by Registered Management Investment Companies," of the Investment Company Act of 1940. We are also responsible for establishing and maintaining effective internal controls over compliance with those requirements. We have performed an evaluation of the Company's compliance with the requirements of subsections (b) and (c) of rule 17f-2 as of January 5, 2009 and from September 30, 2008 through January 5, 2009.

Based on this evaluation, we assert that the Company was in compliance with the requirements of subsections (b) and (c) of rule 17f-2 of the Investment Company Act of 1940 as January 5, 2009, and from September 30, 2008 through January 5, 2009 with respect to securities reflected in the investment account of the Company.

Capital Southwest Corporation  
[Name of Company]

/s/ Tracy L. Morris  
[Name]

Chief Financial Officer  
[Title]

January 5, 2009  
[Date]