

OMB APPROVAL	
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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>SUGARMAN JAY</u>  (Last) (First) (Middle) 1114 AVENUE OF THE AMERICAS, 39TH FLOOR  (Street) NEW YORK NY 10036  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ISTAR FINANCIAL INC [ SFI ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) Chairman and CEO
	3. Date of Earliest Transaction (Month/Day/Year) 03/02/2010	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Restricted Stock Units <sup>(1)</sup>	03/02/2010		A		806,518 <sup>(1)</sup>	A	\$0	7,043,030 <sup>(2)(3)</sup>	D	

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)					

**Explanation of Responses:**

- On March 2, 2010, the Compensation Committee of iStar Financial Inc.'s Board of Directors approved an incentive award to the Reporting Person, Mr. Jay Sugarman, in the amount of 806,518 Restricted Stock Units (Units). The Units represent the right to receive an equivalent number of shares of iStar common stock (net of shares deducted for applicable taxes and other withholdings) if and when the Units vest. These Units will cliff vest on March 2, 2012 if certain performance and service conditions have been achieved.
- Following this award, the Reporting Person owns a total of 7,043,030 Units, representing the right to receive an equivalent number of shares of iStar common stock (net of shares deducted for applicable taxes and other withholdings) if and when the Units vest in accordance with the terms of the award agreements for the Units.
- In addition to these Restricted Stock Units, the Reporting Person is the beneficial owner of (a) 2,797,219 shares of iStar common stock, of which 2,752,675 shares are owned directly (including 53,487 shares acquired in January 2010, net of tax withholdings, upon vesting of Units) and 44,544 shares are owned indirectly by the Reporting Person's spouse, and (b) 2,000 shares of iStar Series D preferred stock, which are owned directly.

s/ Jay Sugarman 03/04/2010

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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