

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

OMB APPROVAL	
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1. Name and Address of Reporting Person* <u>SUGARMAN JAY</u> (Last) (First) (Middle) 1114 AVENUE OF THE AMERICAS, 27TH 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) 09/12/2005	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person

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			
Common stock, \$.001 par value	09/12/2005		S		12,000	D	\$41.6983	1,936,073 ⁽¹⁾⁽²⁾⁽³⁾	D	
Common stock, \$.001 par value	09/12/2005		S		12,000	D	(3)	962,963 ⁽¹⁾⁽²⁾⁽³⁾	I	family trusts

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)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	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)
						Date Exercisable	Expiration Date					

Explanation of Responses:

- On June 21, 2005, 151,756 shares of the issuer's common stock held by a family trust (trust #2) established for the benefit of the reporting person's children, and indirectly beneficially owned by the reporting person, were transferred to the reporting person and held by him directly. This transaction was exempt from reporting under Section 16(b) of the Securities Exchange Act of 1934.
- On August 5, 2005, the reporting person transferred 150,000 shares of the issuer's common stock held by him directly to a family trust (trust #3) established for the benefit of the reporting person's children. This transaction was exempt from reporting under Section 16(b) of the Securities Exchange Act of 1934. The shares held by trust #3 are deemed indirectly beneficially owned by the reporting person.
- On September 12, 2005, the reporting person sold 12,000 shares of the issuer's common stock pursuant to a Rule 10b5-1 sales plan adopted by the reporting person on August 24, 2005. Following the completion of this transaction, the reporting person is the beneficial owner of a total of 2,899,036 shares of common stock of the issuer, of which 1,936,073 shares are owned directly and 962,963 shares are owned indirectly through three family trusts.

s/ Jay Sugarman

09/14/2005

** 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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.