

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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) <u>1114 AVENUE OF THE AMERICAS, 27TH FLOOR</u> (Street) <u>NEW YORK NY 10036</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ISTAR FINANCIAL INC [SFI]</u> 3. Date of Earliest Transaction (Month/Day/Year) <u>05/07/2007</u> 4. If Amendment, Date of Original Filed (Month/Day/Year)	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) <u>Chairman and CEO</u> 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
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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	05/07/2007		S		21,000 ⁽¹⁾	D	\$47.7176	1,843,430 ⁽²⁾	D	
Common Stock, \$.001 par value	05/08/2007		S		12,000 ⁽¹⁾	A	\$47.4559	1,843,430 ⁽²⁾	D	
Common Stock, \$.001 par value	05/08/2007		J		0	D	\$0	667,996 ⁽²⁾	I	By 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)
				Code	V		Date Exercisable	Expiration Date	Title	Amount or Number of Shares				

Explanation of Responses:

1. A total of 33,000 shares of common stock of iStar Financial Inc. have been sold for the account of the reporting person as follows: on May 7, 2007, 21,000 shares were sold at a price of \$47.7176 per share and on May 8, 2007, 12,000 shares were sold at a price of \$47.4559 per share. These sales were made pursuant to a Rule 10b5-1 sales plan originally adopted by the reporting person on August 24, 2005.

2. Following the completion of these transactions, the reporting person is the beneficial owner of a total of 2,511,426 shares of common stock of iStar Financial Inc., of which 1,843,430 shares are owned directly and 667,996 shares are owned indirectly through three family trusts. In addition, the reporting person owns an aggregate of 131,397 restricted stock units that have not yet vested, representing the right to receive an equivalent number of shares of iStar common stock if and when the units vest, 27,382 of which units were granted pursuant to an award dated March 2, 2006 and 104,015 of which units were granted pursuant to an award dated January 19, 2007.

s/ Jay Sugarman 05/09/2007
** 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.