

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) 03/26/2004	
	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 <input type="checkbox"/> 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	03/26/2004	03/30/2004	M ⁽¹⁾		50,000 ⁽¹⁾	A	\$19.6875	1,732,484	D	
Common stock, \$.001 par value	03/26/2004	03/30/2004	S ⁽¹⁾		50,000 ⁽¹⁾	D	\$41.9985	1,682,484	D	
Common stock, \$.001 par value	03/29/2004	03/30/2004	M ⁽¹⁾		50,000 ⁽¹⁾	A	\$19.6875	1,732,484	D	
Common stock, \$.001 par value	03/29/2004	03/30/2004	S ⁽¹⁾		50,000 ⁽¹⁾	D	\$41.9503	1,682,484	D	
Common stock, \$.001 par value	03/30/2004		M ⁽¹⁾		50,000 ⁽¹⁾	A	\$19.6875	1,732,484	D	
Common stock, \$.001 par value	03/30/2004		S ⁽¹⁾		50,000 ⁽¹⁾	D	\$42.0058	1,682,484	D	
Common stock, \$.001 par value	03/31/2004	04/01/2004	M ⁽¹⁾		50,000 ⁽¹⁾	A	\$19.6875	1,732,484	D	
Common stock, \$.001 par value	03/31/2004	04/01/2004	S ⁽¹⁾		50,000 ⁽¹⁾	D	\$42.1703	1,682,484	D	
Common stock, \$.001 par value	03/31/2004		A ⁽²⁾		236,167	A	\$0	1,918,651	D	
Common stock, \$.001 par value	04/01/2004		J ⁽²⁾		236,167	D	\$0	1,918,651	I	family trust
Common stock, \$.001 par value	04/01/2004		G ⁽³⁾		236,167	D	\$0	1,682,484	D	
Common stock, \$.001 par value	04/01/2004		A ⁽⁴⁾		728,552	A	\$0	2,411,036	D	
Common stock, \$.001 par value	04/01/2004		J ⁽⁴⁾		728,552	D	\$0	2,411,036	I	family trust
Common stock, \$.001 par value	04/01/2004		M ⁽¹⁾		50,000 ⁽¹⁾	A	\$19.6875	2,461,036	D	
Common stock, \$.001 par value	04/01/2004		S ⁽¹⁾		50,000 ⁽¹⁾	D	\$42.3902	2,411,036	D	
Common stock, \$.001 par value	04/01/2004		M		500,000	A	\$19.6875	2,911,036 ⁽⁵⁾	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)		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	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Options to purchase common stock	\$19.6875	03/30/2004		X			150,000	01/02/2002	01/02/2011	Common stock, \$.001 par value	150,000	\$0	1,271,444	D	
Options to purchase common stock	\$19.6875	04/01/2004		X			100,000	01/02/2002	01/02/2011	Common stock, \$.001 par value	100,000	\$0	1,171,444	D	
Options to purchase common stock	\$19.6875	04/01/2004		X			500,000	01/02/2004	01/02/2011	Common stock, \$.001 par value	500,000	\$0	671,444	D	

Explanation of Responses:

1. The reporting person exercised 250,000 employee stock options and sold the underlying shares pursuant to a Rule 10b5-1 sales plan adopted by the reporting person on March 22, 2004.
2. Pursuant to a three-year employment agreement entered into in February 2004, the reporting person received a one-time award of common stock with a value of \$10.0 million on March 31, 2004 (236,167 shares). This award is fully vested when granted and dividends will be paid on the shares from the date of grant, but the shares cannot be sold for five years unless the price of the company's common stock during the 12 months ending March 31 each year increases by at least 15%, in which case the sale restrictions on 25% of the shares awarded will lapse in respect of each 12-month period. The reporting person has transferred these shares of common stock to a family trust ("Trust #1") established for the benefit of the reporting person's children. The shares held by Trust #1 are deemed indirectly beneficially owned by the reporting person.
3. The reporting person has made a gift of 236,167 shares of common stock to fund a charitable foundation that has been established by the reporting person and his family, in which the reporting person has no direct or indirect pecuniary interest. The reporting person disclaims beneficial ownership of the shares held by such charitable foundation.
4. The reporting person received 728,552 shares of common stock of the company upon full vesting of an incentive award granted on March 2, 2001. These shares became contingently vested when the price of the company's common stock achieved certain specified thresholds and became fully vested on March 30, 2004. The reporting person has transferred these shares of common stock to a family trust ("Trust #2") established for the benefit of the reporting person's children. The shares held by Trust #2 are deemed indirectly beneficially owned by the reporting person.
5. As of the date of this filing, following the completion of the reported transactions, the reporting person is the beneficial owner of a total of 2,911,036 shares of common stock of the company, with 1,946,317 shares owned directly and 964,719 shares owned indirectly through two family trusts.

s/ Jay Sugarman

04/01/2004

** 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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