

ISTAR FINANCIAL INC
Form 4
August 15, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
SUGARMAN JAY

(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
ISTAR FINANCIAL INC [SFI]

3. Date of Earliest Transaction (Month/Day/Year)
08/14/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
 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 | (D) | Price |
| Common stock, \$.001 par value | 08/14/2006 | | S | | 33,000 (1) | D | \$ 40.9911 |
| | | | | | 2,102,692 (2) | D | |
| Common stock, \$.001 par value | 08/14/2006 | | J | | 0 | D | \$ 0 |
| | | | | | 697,344 (2) | I | |
| | | | | | | | By family trusts |

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

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SEC 1474 (9-02)

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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 Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Owned Following Transaction (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|------------------|-------|
| | Director | 10% Owner | Officer | Other |
| SUGARMAN JAY 1114 AVENUE OF THE AMERICAS, 27TH FLOOR NEW YORK, NY 10036 | X | | Chairman and CEO | |

Signatures

s/ Jay Sugarman 08/15/2006
 **Signature of Date
 Reporting Person

Explanation of Responses:

* 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).

On August 14, 2006, the reporting person sold 33,000 shares of common stock of iStar Financial Inc. pursuant to a Rule 10b5-1 sales plan initially adopted by the reporting person on August 24, 2005. Following the completion of this transaction, the reporting person is the
 (1) beneficial owner of a total of 2,800,036 shares of common stock of iStar Financial Inc., of which 2,102,692 shares are owned directly and 697,344 shares are owned indirectly through three family trusts. In addition, the reporting person owns 41,073 restricted stock units, representing the right to receive an equivalent number of shares of iStar common stock if and when the units have vested.

On May 5, 2006, 233,010 shares of common stock of iStar Financial Inc. held by a family trust established for the benefit of the reporting
 (2) person's children, and indirectly beneficially owned by the reporting person, were transferred to the reporting person and are held by him directly. This transaction was exempt from reporting under Section 16 of the Securities Exchange Act of 1934.

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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