

Cruse Kenneth Edward
 Form 4
 February 08, 2010

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 *
 Cruse Kenneth Edward

2. Issuer Name and Ticker or Trading Symbol
 Sunstone Hotel Investors, Inc. [SHO]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 903 CALLE AMANECER, SUITE 100
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 02/05/2010

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Chief Financial Officer

SAN CLEMENTE, CA 92673

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

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) Code V Amount (D) Price | | | |
| Common Stock | 02/05/2010 | | F | 6,897 D (1) | 147,507 | D | |
| Common Stock | 02/06/2010 | | F | 4,290 D (2) | 143,217 | D | |
| Common Stock | 02/07/2010 | | F | 1,551 D (3) | 141,666 | D | |
| Common Stock | | | | | 5,215 | I | Family Trust |

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

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(9-02)

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 Beneficially Owned (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
| | | | | 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 |
| Cruse Kenneth Edward 903 CALLE AMANECER SUITE 100 SAN CLEMENTE, CA 92673 | | | Chief Financial Officer | |

Signatures

/s/ Kenneth E. Cruse 02/08/2010
 **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).
- (1) On February 5, 2010, 18,804 restricted shares of common stock (awarded to the Reporting Person on February 5, 2009) vested, and 6,897 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 5, 2010 of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$8.31 per share.
 - (2) On February 6, 2010, 11,698 restricted shares of common stock (awarded to the Reporting Person on February 6, 2008) vested, and 4,290 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 5, 2010 (as February 6, 2010 fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$8.31 per share.
 - (3) On February 7, 2010, 4,229 restricted shares of common stock (awarded to the Reporting Person on February 7, 2007) vested, and 1,551 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 5, 2010 (as February 7, 2010

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fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$8.31 per share.

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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