

Cruse Kenneth Edward
 Form 4
 February 07, 2011

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

(Last) (First) (Middle)
 120 VANTIS, SUITE 350
 (Street)

ALISO VIEJO, CA 92656

(City) (State) (Zip)

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

3. Date of Earliest Transaction
 (Month/Day/Year)
 02/05/2011

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)
 President & CFO

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 Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	02/05/2011		F	7,302 D <u>(1)</u>	183,958	D	
Common Stock	02/06/2011		F	4,290 D <u>(2)</u>	179,668	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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number.

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)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Cruse Kenneth Edward 120 VANTIS SUITE 350 ALISO VIEJO, CA 92656			President & CFO	

Signatures

/s/ Kenneth E.
Cruse

02/07/2011

Signature of Reporting Person

Date

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 February 5, 2011, 18,804 restricted shares of common stock (awarded to the Reporting Person on February 5, 2009) vested, and 7,302 shares of common stock were withheld to satisfy tax withholding obligations. The closing price on February 4, 2011 (as February 5, 2011 fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$10.33 per share.

On February 6, 2011, 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 4, 2011 (as February 6, 2011 fell on a weekend) of common stock of Sunstone Hotel Investors, Inc. on the New York Stock Exchange was \$10.33 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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