

Hartheimer Robert Herman
 Form 4
 October 26, 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 *
 Hartheimer Robert Herman

2. Issuer Name and Ticker or Trading Symbol
 STERLING FINANCIAL CORP
 /WA/ [STSA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 10/22/2010

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

111 NORTH WALL STREET

(Street)

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

SPOKANE, WA 99201

(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	10/22/2010		C		1,380,000	A	2 1,500,000

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

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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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)				
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Convertible Participating Voting Preferred Stock, Series D	<u>(1)</u> <u>(2)</u>	10/22/2010		C	3,000	<u>(2)</u>	<u>(2)</u>			Common Stock	1,380,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hartheimer Robert Herman 111 NORTH WALL STREET SPOKANE, WA 99201	X			

Signatures

/s/ Robert G. Butterfield,
attorney-in-fact

10/26/2010

 **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).

(1) Prior to the transaction reported herein, Robert Hartheimer was the holder of 120,000 shares of Common Stock and 3,000 shares of Convertible Participating Voting Preferred Stock, Series D, no par value with a liquidation preference of \$4.60 per share (the "Series D Stock"). On October 21, 2010, "Stockholder Approval" (as defined below) was obtained and, as a result, on October 22, 2010, each share of Series D Preferred Stock automatically converted into 460 shares of Common Stock. Mr. Hartheimer's 3,000 shares of Preferred Stock, Series D, converted into 1,380,000 shares of Common Stock. "Stockholder Approval" refers to the approval by the stockholders of STSA on October 21, 2010 to increase the number of authorized shares of Common Stock to at least 10,000,000,000 shares or a larger number that the Board of Directors determines in its reasonable judgment is necessary to permit STSA to comply with its obligations under agreements entered into in connection with certain recapitalization transactions that occurred on August 26, 2010.

(2) Since Stockholder Approval was obtained on October 21, 2010, each share of the Series D Preferred Stock automatically converted into 460 shares of Common Stock on October 22, 2010, in accordance with the terms of the Series D Preferred Stock. No consideration for this conversion was required.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.