

Digital Music Group, Inc.
Form 4
November 15, 2007

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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 *
Stein Daniel C.

(Last) (First) (Middle)

1091 BOSTON POST ROAD

(Street)

RYE, NY 10580

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Digital Music Group, Inc. [ORCD]

3. Date of Earliest Transaction
(Month/Day/Year)
11/13/2007

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)

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	11/13/2007		A		8,127,829 (1) (2)	A	\$ 0 (2) 8,127,829 (1) (2)	I	Through Dimensional Associates, LLC (3) (4)
Series A Preferred Stock	11/13/2007		A		446,918 (2)	A	\$ 0 (2) 446,918 (2)	I	Through Dimensional Associates, LLC (3) (4)

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)

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)	Amount or Number of Shares
Stock option (right to buy)	\$ 2.48 ⁽⁵⁾	11/13/2007		A	12,000 ⁽⁵⁾	11/13/2007 ⁽⁶⁾ - 11/13/2014	Common Stock	12,000 ⁽⁵⁾

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Stein Daniel C. 1091 BOSTON POST ROAD RYE, NY 10580	X			

Signatures

/s/ Marianne Sarrazin for Daniel C. Stein	11/15/2007
<small>**Signature of Reporting Person</small>	<small>Date</small>

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) Amount of common stock does not reflect the one for three reverse stock split of the issuer's common stock effective November 14, 2007. Represents securities issued to Dimensional Associates, LLC in connection with the merger of The Orchard Enterprises, Inc. into a subsidiary of the issuer as described in the definitive proxy statement of the issuer as filed with the Securities and Exchange Commission on October 5, 2007 and first mailed to the issuer's stockholders on October 10, 2007.
- (3) Daniel Stein is the Chief Executive Officer of Dimensional Associates LLC, which directly holds the common stock and Series A preferred stock reported herein. Daniel Stein is deemed to be the beneficial owner of the common stock and Series A preferred stock held by Dimensional Associates, LLC only to the extent of the greater of his direct or indirect interest in the profits or capital accounts of Dimensional Associates, LLC.
- (4) Pursuant to Rule 16a-1(a)(4) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), this filing shall not be deemed an admission that Daniel Stein is, for purposes of Section 16 of the Exchange Act or otherwise, the beneficial owner of any securities beneficially owned by Dimensional Associates, LLC in excess of such amount.

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Amount and exercise price do not reflect the one for three reverse stock split of the issuer's common stock effective November 14, 2007.

- (5) Giving effect to the reverse stock split, the stock options have an exercise price of \$7.44 and represent the right to acquire 4,000 shares of common stock.
- (6) These options were granted on November 13, 2007. They vest over a one-year period in twelve equal monthly installments subject to acceleration or termination in certain circumstances.

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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