Digital Music Group, Inc.

Form 3

December 05, 2007

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

OMB APPROVAL

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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

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF

SECURITIES

30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting

Person *

A Schneider Stanley Harvey

(Last)

(First)

(Middle)

Statement

(Month/Day/Year)

11/26/2007

2. Date of Event Requiring 3. Issuer Name and Ticker or Trading Symbol

Digital Music Group, Inc. [ORCD]

(Check all applicable)

4. Relationship of Reporting Person(s) to Issuer

5. If Amendment, Date Original

Filed(Month/Day/Year)

C/O THE ORCHARD. INC., 100 PARK AVENUE, 17TH FLOOR

(Street)

Director _X__ Officer 10% Owner

Other (give title below) (specify below) **EVP & General Counsel**

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

Person

Form filed by More than One Reporting Person

NEW YORK. NYÂ 10017

(City) (State)

(Instr. 4)

1. Title of Security

(Zip)

2. Amount of Securities Beneficially Owned

(Instr. 4)

3. Ownership

Table I - Non-Derivative Securities Beneficially Owned

4. Nature of Indirect Beneficial

Ownership (Instr. 5)

Form: Direct (D) or Indirect (I)

(Instr. 5)

Reminder: Report on a separate line for each class of securities beneficially

owned directly or indirectly.

SEC 1473 (7-02)

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

1. Title of Derivative Security (Instr. 4)

2. Date Exercisable and **Expiration Date** (Month/Day/Year)

3. Title and Amount of Securities Underlying **Derivative Security** (Instr. 4)

Conversion or Exercise Price of

Security

5. Ownership Form of Derivative

6. Nature of Indirect Beneficial

Ownership

(Instr. 5)

Derivative Security:

Date Exercisable Expiration

Date

Title

Amount or Number of

Direct (D)

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				Shares		or Indirect (I) (Instr. 5)	
Stock Option (right to buy)	11/13/2007(1)	11/13/2014	Common Stock	3,333 (2)	\$ 7.44 (2)	D	Â
Restricted Stock Award	11/13/2007(1)	(1)	Common	3,333 (2)	\$ 0	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships				
	Director	10% Owner	Officer	Other	
Schneider Stanley Harvey C/O THE ORCHARD, INC. 100 PARK AVENUE, 17TH FLOOR	Â	Â	EVP & General Counsel	Â	
NEW YORK, NY 10017					

Signatures

/s/ Marianne Sarrazin for Stanley H.
Schneider 12/05/2007

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(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).
- These options and restricted stock awards were granted on November 13, 2007. They vest over a four-year period and become exercisable (1) or receivable as to 1/4 of the shares on November 13, 2008, with quarterly vesting thereafter for a period of 36 months subject to acceleration or termination in certain circumstances. The restricted stock awards have no expiration date.
- Amount and exercise price reflect the one for three reverse stock split of the issuer's common stock that took effect November 14, 2007.

 Without giving effect to the reverse stock split the stock entires have an exercise price of \$2.48 and represent the right to acquire 10.000.
- (2) Without giving effect to the reverse stock split, the stock options have an exercise price of \$2.48 and represent the right to acquire 10,000 shares of common stock, and the restricted stock awards represent the right to receive 10,000 shares of common stock.

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.

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