

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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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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