

Digital Music Group, Inc.
Form 3
December 05, 2007

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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 *

Â Schneider Stanley Harvey
(Last) (First) (Middle)

2. Date of Event Requiring
Statement

(Month/Day/Year)
11/26/2007

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

4. Relationship of Reporting
Person(s) to Issuer

5. If Amendment, Date Original
Filed(Month/Day/Year)

(Check all applicable)

____ Director ____ 10% Owner
X Officer ____ 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

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

(Street)

NEW YORK,Â NYÂ 10017

(City) (State) (Zip)

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security
(Instr. 4)

2. Amount of Securities
Beneficially Owned
(Instr. 4)

3. Ownership
Form:
Direct (D)
or Indirect
(I)
(Instr. 5)

4. Nature of Indirect Beneficial
Ownership
(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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information contained in this form are not
required to respond unless the form displays a
currently valid OMB control number.**

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)

4. Conversion
or Exercise
Price of
Derivative
Security

5. Ownership
Form of
Derivative
Security:
Direct (D)

6. Nature of Indirect
Beneficial
Ownership
(Instr. 5)

Date Exercisable Expiration
Date

Title Amount or
Number of

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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⁾	Â ⁽¹⁾	Common Stock	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 NEW YORK, NY 10017	Â	Â	Â EVP & General Counsel	Â

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. (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.