Digital Music Group, Inc.
Form 3
July 12, 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 BALLARD Michalson B

(Last) (First) (Middle)

2151 RIVER PLAZA DR., SUITE 200

(Street)

SACRAMENTO,Â CAÂ 95833-3881

(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
07/10/2007

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

4. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

_____ Director
_____ 10% Owner
__X__ Officer (give title below)
_____ Other (specify below)
Vice President-Operations

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

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

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)
Common stock	15	D	Â

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

SEC 1473 (7-02)

Persons who respond to the collection of 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) or Indirect	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of			

				Shares		(I) (Instr. 5)	
Employee Stock Option (right to buy)	Â (1)	06/02/2013	Common stock	8,000	$ 6.5	D	Â
Employee Stock Option (right to buy)	Â (2)	04/17/2014	Common stock	10,000	$ 4.99	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BALLARD Michalson B 2151 RIVER PLAZA DR., SUITE 200 SACRAMENTO,Â CAÂ 95833-3881	Â	Â	Â Vice President-Operations	Â

Signatures

/s/ Barth Ballard	07/10/2007
**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).

(1) The option vested and became exercisable as to 25% of the shares on June 2, 2007 and 1/48 of the shares on July 2, 2007, and will vest and become exercisable as to 1/48 of the shares each month following July 2, 2007 for 35 months, provided that the Reporting Person continues to serve as an employee through each such vest date.

(2) The option will vest and become exercisable as to 25% of the shares on April 17, 2008 and 1/48 of the shares each month following April 17, 2008 for 36 months, provided that the Reporting Person continues to serve as an employee through each such vest date.

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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