

Rees Richard
Form 4
February 09, 2006

FORM 4

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

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

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Rees Richard

(Last) (First) (Middle)

511 ROCK BLUFF DRIVE

(Street)

AUSTIN, TX 78734

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol

Digital Music Group, Inc. [DMGI]

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

08/30/2005

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
____X____ Officer (give title ____ Other (specify
below) below)

VP Bus. Dev. and Secretary

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 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)
Common Stock	08/30/2005		P	60	A <u>1</u> 380	D	
Common Stock	09/08/2005		J ⁽²⁾	474,620	A \$ 0 475,000	D	
Common Stock	12/06/2005		D	62,500	D \$ 0 412,500	D	
Common Stock	02/07/2006		A	20,000	A <u>3</u> 418,000	I	See Footnote (4)

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

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(9-02)

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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Transaction (Instr. 10)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Rees Richard 511 ROCK BLUFF DRIVE AUSTIN, TX 78734	VP Bus. Dev. and Secretary

Signatures

/s/ Richard Rees 02/09/2006
 **Signature of Date
 Reporting Person

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) The consideration paid for the shares issued was the performance of services by the Reporting Person for and on behalf of Digital Music Group, Inc. (the "Company.")
- (2) On September 8, 2005, the Company effected a stock dividend, payable to all holders of Common Stock on September 8, 2005, of 1,249 shares of Common Stock for each share of Common Stock outstanding.
- Received in exchange for the sale of certain assets by Rio Bravo Entertainment LLC to the Company. Rio Bravo Entertainment LLC received an aggregate of 25,000 shares of Common Stock of the Company in consideration for the assets. The Reporting Person held an 80% membership interest in Rio Bravo Entertainment LLC on the effective date of the sale. On the effective date of the sale, the Company completed its initial public offering with a price to public of \$9.75 per share of Common Stock.
- (3)
- (4) By Rio Bravo Entertainment LLC. The Reporting Person holds an 80% membership interest in Rio Bravo Entertainment LLC.

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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