STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

DONNA MARIE ZERBO
AAF-SPRINGFIELD, INC.
AAFCOR, LLC

RESPONDENTS

ADMINISTRATIVE ORDER
NO. OB-2012-0021

ORDER TO BAR

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act, upon due consideration of the subject matter hereof, has determined as follows.

RESPONDENTS

1. DONNA MARIE ZERBO ("ZERBO") is a New Jersey resident with an address of 10 Sentry Ct., Basking Ridge, New Jersey 07920. ZERBO is listed as the President and Chief Executive Officer (CEO) of AAF-Springfield, Inc., and the Managing Director of AAFCOR, LLC.

2. AAF-SPRINGFIELD, INC. ("AAF-SPRINGFIELD") is a private investment company, registered as a Delaware corporation, with a registered agent address of 3422 Old Capitol Trail, Suite 700, Wilmington, Delaware 19808. AAF-SPRINGFIELD maintained and operated a business located in Franklin County and Limestone County, Alabama, with a business address of 868 County Road 108, Rogersville, Alabama 35652.

3. AAFCOR, L.L.C. ("AAFCOR"), during all times relevant to the issue of this order, was a registered Delaware corporation with a registered agent address of 3422 Old Capitol Trail, Suite 700, Wilmington, Delaware 19808. AAFCOR is currently listed with a registered agent address of 1220 N. Market Street, Suite 806, Wilmington, Delaware 19801.
STATEMENT OF FACTS

4. In July of 2006, AAFCOR and ZERBO incorporated AAF-SPRINGFIELD with the stated "purpose of investing in the expansion of the natural spring water supply and distribution business of Springfield Premium Natural Water, Inc. ("SPNW") in Northwest Alabama and Southwest Tennessee". At the time of the incorporation, SPNW was owned by Mr. Timothy Shelton.

5. During all times relevant to the issuance of this order, AAF-SPRINGFIELD operated in the state of Alabama as its primary place of business.

6. At the time of incorporation, AAF-SPRINGFIELD was wholly owned by AAFCOR and controlled by ZERBO. In an effort to raise capital from investors, AAF-SPRINGFIELD and ZERBO conducted a limited offering through the use of a Private Placement Memorandum titled “AAF-Springfield, Inc.”, and dated September 15, 2006.

7. AAF-SPRINGFIELD and ZERBO partnered with the SEC registered investment advisor Sage Capital Management, LLC (CRD # 108547) (“SAGE”) to solicit investments and raise capital from SAGE clients. SAGE has a business address of 380 Lexington Ave., Suite 2705, New York, New York 10168.

8. SAGE created a private fund called The Sage Capital Opportunity Fund, LLC to market the AAF-Springfield, Inc. PPM. SAGE and its agents provided the AAF-Springfield, Inc. PPM to clients and recommended they invest in the company.

9. The AAF-Springfield PPM, compiled by ZERBO, contained numerous material misrepresentations and omissions. Most notably, the PPM stated SPNW held a 99 year lease from Mr. Timothy Shelton on a sixty (60) acre tract of land that contained the primary well for the water operations. SPNW did not have a 99 year lease on the land from Mr. Timothy Shelton. In fact, Mr. Shelton did not own the land on which the well was located. ZERBO and AAF-SPRINGFIELD failed to conduct adequate due diligence on the investment project, and failed to conduct a title search on the well that was the primary asset of the proposed venture.
10. In October of 2006, SAGE raised approximately $1,085,000 for the Alabama based AAF-SPRINGFIELD, from 13 identified investors from New York, New Jersey, Massachusetts, Washington, D.C., Texas, and Arizona. That same month, SAGE transferred the funds to an AAF-SPRINGFIELD account established at Merrill Lynch, and controlled by ZERBO. AAF-SPRINGFIELD and ZERBO subsequently transferred approximately $500,000 to an AFF-Springfield, Inc., account established at Citizens Bank & Trust located in Russellville, Alabama.

11. In January of 2007, ZERBO transferred $32,550 of investor funds from the AAF-SPRINGFIELD Merrill Lynch account back to SAGE into an account held at Charles Schwab. SAGE then distributed these funds to investors as 1st quarter interest dividends.

12. A search of the United States Securities and Exchange Commission’s EDGAR database did not disclose any type of securities offering filed by AAF-SPRINGFIELD.

13. A search of the register maintained by the Registration Division of the Alabama Securities Commission did not list any registrations for the RESPONDENTS, or for the securities issued and sold by RESPONDENTS.

14. On September 16, 2011, legal counsel for RESPONDENTS met with the Commission staff to discuss issues regarding the issuance and sale of AAF-Springfield, Inc. preferred stock through the use of a Private Placement Memorandum titled “AAF-Springfield, Inc.”, and dated September 15, 2006, and the information contained in the PPM.

**CONCLUSIONS OF LAW**

15. Pursuant to Section 8-6-2(5), Code of Alabama 1975, the definition of “Issuer” includes every person, who proposes to issue, has issued, or shall hereafter issue
any security. Any person who acts for compensation or a consideration as a promoter for or on behalf of a corporation, trust, unincorporated association or partnership of any kind to be formed shall be deemed an issuer. **AAF-SPRINGFIELD**, an Alabama based company, is an issuer under the Act.

16. Pursuant to section 8-6-4, **Code of Alabama, 1975**, it is unlawful for any person to offer or sell any security into, within, or from this state unless the security is registered under the Act, the security is exempt from registration under the Act, or the transaction is exempt from registration under the Act. **AAF-SPRINGFIELD** and **ZERBO** issued securities in the form of preferred stock of AAF-Springfield, Inc., through a limited offering private placement that was not registered, nor exempt from registration, in violation of the Act.

17. Pursuant to Section 8-6-17(a)(1), **Code of Alabama, 1975**, it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to employ any device, scheme or artifice to defraud. **AAF-SPRINGFIELD** and **ZERBO** maintained and operated a business in the state of Alabama which issued securities and raised funds from investors. During the conduct of this business, **AAF-SPRINGFIELD** and **ZERBO** co-mingled investment funds with business revenues, diverted funds for purposes not disclosed in the PPM, and used investor funds to pay reported interest dividends to investors.

18. Pursuant to Section 8-6-17(a)(2), **Code of Alabama, 1975**, it is unlawful for any person, in connection with the offer, sale, or purchase of any security to make any untrue statement of a material fact. **ZERBO** caused the PPM of AAF-Springfield, Inc. to be issued with information which was materially incorrect, citing that SPNW held a 99 year lease from Mr. Timothy Shelton on a sixty (60) acre tract of land that contained the primary well for the water operations, in violation of the Act.
ACCORDINGLY, IT IS HEREBY ORDERED that RESPONDENTS be BARRED from registration or engaging in securities activities into, within or from the state of Alabama.

APPROVED AND ORDERED this 29th day of May, 2012.

ALABAMA SECURITIES COMMISSION
401 Adams Avenue, Suite 280
Montgomery, AL 36104
(334) 242-2984
BY:

JOSEPH P. BORG
DIRECTOR