UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF INDIANA

INDIANAPOLIS DIVISION

[PLAINTIFF A, LLC], an Indiana limited liability company, and [PLAINTIFF B, INC.], a [State] corporation,

Plaintiffs,

CITY OF BLOOMINGTON, INDIANA; KERRY THOMSON, in her official capacity as Mayor of the City of Bloomington; THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON; MARGIE RICE, in her official capacity as Corporation Counsel of the City of Bloomington; and [NAME], in [his/her] official capacity as Chief of the Bloomington Police Department,

Defendants.

Case No. 1:26-cv-_____

VERIFIED COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

Plaintiffs [Plaintiff A, LLC] and [Plaintiff B, Inc.], by counsel, for their Verified Complaint against Defendants, allege as follows:

PRELIMINARY STATEMENT

1. On November 4, 2026, the Common Council of the City of Bloomington, Indiana, voted 7–0 to adopt Ordinance 2026-29, which adds a new Chapter 14.25, "Prohibition of Superintelligence," to Title 14 of the Bloomington Municipal Code (the "Ordinance"). The Ordinance makes it unlawful for "any person or corporation" to "distribute or permit to be distributed nor deployed into the premises of any citizen or business in our City, any Superintelligence for any purpose," and it reaches "the remote execution, activation, or utilization of any unauthorized digital agent through a locally accessed interface, browser, API, or connected hardware within the City of Bloomington, regardless of the physical location of the server infrastructure hosting the system." BMC § 14.25.030.

2. The Ordinance rests on a single asserted source of authority: the Indiana Home Rule Act, IC 36-1-3, cited generically and without reference to any section. But the Home Rule Act, in the same chapter the City invokes, expressly denies municipalities four of the powers the Ordinance purports to exercise. A unit of local government in Indiana does not have "[t]he power to prescribe the law governing civil actions between private persons," IC 36-1-3-8(a)(2); does not have the power to "conduct an election, except as expressly granted by statute," IC 36-1-3-8(a)(12); does not have the power to "regulate conduct that is regulated by a state agency, except as expressly granted by statute," IC 36-1-3-8(a)(7); and exercises its powers only within "[t]he area inside the corporate boundaries of the municipality," IC 36-1-3-9(b). The Ordinance violates each of these limits on its face.

3. The Ordinance is also unconstitutionally vague. Its operative term, "Superintelligence," is defined by reference to a capability threshold that the Ordinance's own sponsor concedes cannot

be measured: the sponsor's memorandum to the Council states that the systems in question "are untestable because the developers do not understand how their neural networks work." The Ordinance then bans the use of any "unauthorized digital agent" without defining "unauthorized" or identifying any body with the power to authorize. No person of ordinary intelligence can determine what the Ordinance prohibits, and the City's police and law departments are given unbounded discretion to decide.

4. The Ordinance directly regulates interstate commerce. By its terms it governs software delivered over the internet from servers anywhere in the world to any browser or API endpoint inside Bloomington, and the sponsor's memorandum states the Ordinance's purpose without euphemism: it "prevents outside commercial tech entities from making high-risk deployments in Bloomington," and if "approximately 350" other cities adopt it, "this would create a massive regulatory burden for companies creating" the targeted technology. That is a municipality legislating against out-of-state commerce as such, a thing the Commerce Clause forbids. See *Legato Vapors, LLC v. Cook*, 847 F.3d 825 (7th Cir. 2017); *Midwest Title Loans, Inc. v. Mills*, 593 F.3d 660 (7th Cir. 2010).

5. Plaintiffs develop, license, and use advanced artificial-intelligence systems in and into Bloomington. They face a credible threat of civil penalties of up to $2,500 per violation, with each day of a "continuing" violation treated as a separate offense, injunctive proceedings by the City's Department of Law, and referral to the Monroe County Prosecutor. Plaintiffs seek a declaration that the Ordinance is void and an injunction against its enforcement.

JURISDICTION AND VENUE

6. This Court has subject-matter jurisdiction over Plaintiffs' federal claims under 28 U.S.C. §§ 1331 and 1343(a)(3), because those claims arise under the Constitution of the United States and 42 U.S.C. § 1983. The Court has supplemental jurisdiction over Plaintiffs' state-law claims under 28 U.S.C. § 1367(a), because they form part of the same case or controversy. Defendants are a municipal corporation and its officers, not the State of Indiana, and are therefore not entitled to Eleventh Amendment immunity from the state-law claims. See *Mt. Healthy City Sch. Dist. Bd. of Educ. v. Doyle*, 429 U.S. 274, 280–81 (1977).

7. Declaratory relief is authorized by 28 U.S.C. §§ 2201 and 2202 and Fed. R. Civ. P. 57. Injunctive relief is authorized by Fed. R. Civ. P. 65 and 42 U.S.C. § 1983.

8. Venue lies in this District under 28 U.S.C. § 1391(b)(1) and (b)(2) because all Defendants reside in this District and the events giving rise to the claims occurred here. Monroe County is within the Indianapolis Division. 28 U.S.C. § 94(b)(1).

PARTIES

9. Plaintiff [Plaintiff A, LLC] is an Indiana limited liability company with its principal place of business in Bloomington, Monroe County, Indiana. [Plaintiff A] [describe: e.g., builds and operates software products for law firms and other professional-services clients that call frontier large-language-model APIs offered by third-party developers, and runs agentic workflows in which those models execute code, call tools, and complete multi-step tasks without step-by-step human supervision]. [Plaintiff A] performs that work from, and delivers it into, premises inside the corporate boundaries of the City of Bloomington.

10. Plaintiff [Plaintiff B, Inc.] is a [State] corporation with its principal place of business in [City, State]. [Plaintiff B] [describe: e.g., develops and licenses large-language-model systems and agentic software that customers, including customers located in Bloomington, Indiana, access through a web browser and an application programming interface served from infrastructure located outside Indiana]. [Plaintiff B] has no office, employees, or servers in Bloomington.

11. Defendant City of Bloomington, Indiana (the "City") is a municipal corporation organized under the laws of the State of Indiana. The City is a "person" within the meaning of 42 U.S.C. § 1983. *Monell v. Dep't of Soc. Servs.*, 436 U.S. 658, 690 (1978). The Ordinance is an official legislative enactment of the City and therefore constitutes official municipal policy.

12. Defendant Kerry Thomson is the Mayor of the City of Bloomington and its chief executive officer. She is sued in her official capacity. The Mayor is responsible for the execution and enforcement of City ordinances and supervises the Department of Law and the Bloomington Police Department, the two entities the Ordinance authorizes to enforce it. BMC § 14.25.060(a).

13. Defendant Common Council of the City of Bloomington (the "Council") is the legislative body of the City. It enacted the Ordinance and is the body that, under BMC § 14.25.040, holds exclusive power to lift the prohibition.

14. Defendant Margie Rice is the Corporation Counsel of the City of Bloomington and head of its Department of Law. She is sued in her official capacity. The Ordinance authorizes the Department of Law to enforce it through "civil penalties, injunctive relief, and, where appropriate, referral to the Monroe County Prosecutor." BMC § 14.25.060(a).

15. Defendant [Name] is the Chief of the Bloomington Police Department and is sued in [his/her] official capacity. The Ordinance authorizes the Bloomington Police Department to enforce it. BMC § 14.25.060(a).

FACTUAL ALLEGATIONS

A. The Ordinance

16. Ordinance 2026-29, entitled "An Ordinance Amending the Bloomington Municipal Code to Prohibit the Development, Deployment, or Delivery of Superintelligence Within the City of Bloomington, Indiana," was introduced at the Council's regular session on October 14, 2026, and adopted on second reading at the Council's regular session on November 4, 2026, by a vote of 7–0 with two members absent. A true and correct copy of the Ordinance, together with the Council Staff Memorandum that accompanied it, is attached as **Exhibit A**.

17. Section 1 of the Ordinance adds Chapter 14.25 to Title 14 ("Peace and Safety") of the Bloomington Municipal Code.

18. BMC § 14.25.020(a) defines "Superintelligence" as follows:

> "Superintelligence" shall be analogous to an Artificial General Intelligence ("AGI") with capabilities of Agency (A), Generality (G) and Intelligence (I), wherein an AGI does possess super-human capability in all three aspects, of AGI, as an AGI wherein any such autonomous Agentic (A) system capable of self-modifying its core algorithms, executing code in environments outside its initial sandbox, or operating without continuous human oversight while Generally (G) performing any complex goal-oriented task that may affect municipal infrastructure, financial markets, or public safety, in combination with an extreme level of super-human Intelligence (I), and defined by the AI Industry standard terminology "Superintelligence" herein defined as "Any intellect that greatly exceeds the cognitive performance of humans in virtually all domains of interest."

19. BMC § 14.25.020(b) defines "Deployment within the City" as "the local activation, execution, or utilization of a Superintelligence through a locally accessed user interface, browser,

application programming interface (API), or connected local hardware within the geographic boundaries of the City of Bloomington, resulting in local operational impact."

20. BMC § 14.25.020(c) defines "Deployer" as "any commercial entity, organization, or developer that places a Superintelligence system into operation for public, enterprise, or external use, which allows data to enter Bloomington City Limits." The term "Deployer" does not appear in any operative provision of the Ordinance.

21. BMC § 14.25.030, the operative prohibition, provides in full:

> No person or corporation shall distribute or permit to be distributed nor deployed into the premises of any citizen or business in our City, any Superintelligence for any purpose. Deployment, for the purposes of this ordinance, shall include the remote execution, activation, or utilization of any unauthorized digital agent through a locally accessed interface, browser, API, or connected hardware within the City of Bloomington, regardless of the physical location of the server infrastructure hosting the system.

22. The phrase "unauthorized digital agent" appears nowhere else in the Ordinance. The Ordinance does not define "unauthorized," does not establish any licensing, permitting, registration, or certification process, and does not identify any person or body with power to "authorize" a digital agent.

23. BMC § 14.25.040, entitled "Conditions for Dissolution of Prohibition," provides that the prohibition "shall remain in effect and shall not be lifted unless the Common Council of the City of Bloomington enacts an ordinance making specific findings that both of the following conditions have been met":

(a) There is broad scientific consensus that the development of Superintelligence shall be done safely and controllably using a probabilistic risk assessment examining the catastrophic risk, which shall be similar to the civil engineering standard for nuclear power plants requiring a safety level of 99.9999% percent certainty; and

(b) There is voter approval for the development of Superintelligence by the electorate of the City of Bloomington, with an affirmative vote of more than 95% of registered voters.

24. BMC § 14.25.050, entitled "No Limitation on Private Right of Action," provides that nothing in the Chapter limits "any person's, business's, or entity's private right of action, under state or federal law, against a violator of this provision," and that "[a]ny person, business, or entity who suffers physical, economic, or other harm resulting from a violation of this chapter shall have any and all remedies available at law to recover damages and fees without limitation."

25. BMC § 14.25.060(a) authorizes the City, "through its Department of Law and the Bloomington Police Department," to enforce the Ordinance, states that "[t]his enforcement power is discretionary," and provides that the City "may seek civil penalties, injunctive relief, and, where appropriate, referral to the Monroe County Prosecutor for any potential state-level criminal charges." BMC § 14.25.060(b) subjects "[e]very person or entity who violates this chapter" to the general penalty provisions of BMC § 1.01.130, under which each violation is punishable by a fine of up to $2,500 and each day of a continuing violation constitutes a separate violation.

26. BMC § 14.25.070(a) provides that if the Indiana General Assembly "enacts legislation that establishes a comprehensive framework for Provably Safe Superintelligence this Chapter shall be deemed preempted and shall automatically expire ninety-one (91) days after the effective date of such state law." BMC § 14.25.070(b) directs the Corporation Counsel to "immediately draft amendments to harmonize this Chapter" with any future state legislation that "does not explicitly prohibit local municipal enforcement or stricter local safety thresholds."

27. Section 2 of the Ordinance contains a severability clause. Section 3 provides that the Ordinance takes effect "from and after its passage by the Common Council, approval by the Mayor, and any publication required by law."

28. The preamble to the Ordinance recites that "the Common Council exercises its legislative authority under the traditional police powers of the City and Indiana Code § 36-1-3 (The Indiana Home Rule Act) to regulate conditions that constitute a severe public safety hazard nuisance," and separately that the Council "maintains authority over its local land-use, zoning configurations, and municipal utilities via the Unified Development Ordinance (UDO) and Indiana Code § 36-1-3." The preamble declares that "the unregulated presence of Superintelligence is hereby declared a public safety hazard nuisance." No provision of the Unified Development Ordinance is amended or invoked by any operative section of the Ordinance.

29. Apart from the generic citation to IC 36-1-3, the Ordinance and its accompanying memorandum cite no provision of the Indiana Constitution, no section of the Indiana Code, no decision of any court, and no statute or regulation of the United States.

B. Legislative history and the sponsor's admissions

30. The Ordinance was sponsored by Councilmember Dave Rollo. It was accompanied by a five-page "Council Staff Memorandum" dated October 14, 2026, from "Council Member Rollo; Bloomington Council's Office" (the "Memorandum"). The Memorandum was included, without change, in the Council's packet for the November 4, 2026 meeting at which the Ordinance was adopted.

31. The Memorandum was not signed, co-signed, or reviewed on its face by the City's Corporation Counsel or Department of Law. By contrast, Ordinance 2026-30, considered at the same November 4, 2026 session, was accompanied by a memorandum co-signed by Corporation Counsel Margie Rice. On information and belief, the Department of Law did not issue any written legal opinion on the City's authority to adopt the Ordinance before the Council voted.

32. The Memorandum states that the Ordinance "gives the city complete enforcement discretion" by reference to "Section 2.90.040 of Ordinance 2026-29." No Section 2.90.040 exists in the Ordinance. On information and belief, the Memorandum and the Ordinance were adapted from a template prepared or promoted by a third-party advocacy organization identified in the Memorandum as the "SAFE AI Forever Institute."

33. The Memorandum states that the systems the Ordinance targets "are untestable because the developers do not understand how their neural networks work," that developers "can only attempt to test their capabilities," and that "[i]n short, they are becoming untestable."

34. The Memorandum states that the Ordinance "prevents outside commercial tech entities from making high-risk deployments in Bloomington without local permission."

35. The Memorandum states that "[o]ver 100 million people live in U.S. cities of Bloomington's size or greater," that "[i]f those (approximately 350) cities passed similar ordinances in the coming weeks or months, this would create a massive regulatory burden for companies creating ASI," and that the "SAFE AI Forever Institute and other non-profits are poised to encourage other municipalities to adopt their own prohibitions."

36. The Memorandum states, under the heading "Creating Liability for Immensely Unsafe Products," that "[f]or people who would choose a private right of action to seek injunctive relief

by a court order to stop the race to ASI, this ordinance and others like it can help plaintiffs meet their burden of proof," that the targeted companies "are therefore exposed to lawsuits reflecting imminent harm to people and property," and that "the liability costs could be profound enough to prevent any insurers from providing product liability insurance."

37. The Memorandum states that "the ultimate authority to lift the ban is left completely to the local electorate via a 95% voter approval threshold."

38. The Memorandum's Fiscal Impact Statement states that "[t]he City does not anticipate that this Ordinance will have any impact on the City's finances, including to its revenues, expenditures, or any new debt obligation." The Memorandum and the Ordinance identify no method by which the City will detect, measure, or adjudicate whether any particular software system is a "Superintelligence," and no budget, personnel, or technical standard for doing so.

39. The Memorandum asserts that "[n]either the state of Indiana nor the federal government have enacted safety parameters for ASI." In fact, the Indiana General Assembly has established an Artificial Intelligence Task Force, IC 2-5-53.7; has directed the Indiana Office of Technology to inventory and assess artificial-intelligence systems, IC 4-13.1-5; and the State of Indiana, through its Office of the Chief Data Officer and Office of Technology, has adopted a statewide Artificial Intelligence Policy and State Agency Artificial Intelligence Systems Standard incorporating the National Institute of Standards and Technology AI Risk Management Framework. The Indiana Consumer Data Protection Act, IC 24-15, effective January 1, 2026, regulates automated processing and profiling and is enforced by the Indiana Attorney General.

40. On June 10, 2026, the Council adopted Resolution 2026-10, "On the Existential Risk of Artificial Intelligence," also sponsored by Councilmember Rollo, which called for a moratorium

on artificial general intelligence development. In 2023, a prior resolution by the same sponsor was withdrawn after Indiana University raised concerns about its effect on university research.

C. Plaintiffs' conduct and the threat of enforcement

41. [Plaintiff A] uses, in its ordinary business inside Bloomington, large-language-model systems that are capable of executing code in environments outside their initial sandbox and of operating without continuous human oversight while performing complex goal-oriented tasks. Those systems are accessed through browsers and APIs from premises inside the City, and the servers hosting them are located outside Indiana. [Plaintiff A] cannot determine whether any of those systems "greatly exceed[] the cognitive performance of humans in virtually all domains of interest," and neither can the City.

42. [Plaintiff B] distributes, through browsers and APIs served from outside Indiana, software systems that meet one or more of the capability descriptions in BMC § 14.25.020(a), to customers who access them from premises inside Bloomington. [Plaintiff B] has no practical means of preventing a Bloomington customer from accessing its services short of geofencing the City, and no means of determining at what point its systems would be deemed by the City to constitute a "Superintelligence."

43. The Ordinance applies to Plaintiffs' conduct on its face. Plaintiffs intend to continue that conduct. The City has enacted the Ordinance with a penalty provision, has designated two enforcement agencies, and has publicly described the Ordinance as a measure that will prevent "outside commercial tech entities" from deploying in Bloomington. Plaintiffs therefore face a credible threat of enforcement sufficient to establish injury in fact. *Susan B. Anthony List v. Driehaus*, 573 U.S. 149, 159–64 (2014).

44. Plaintiffs have already incurred, and will continue to incur, costs in attempting to determine whether and how to comply with the Ordinance, including legal review, engineering review, and evaluation of whether to withdraw services from, or cease operating in, Bloomington. Those costs are a present injury traceable to the Ordinance.

45. Each day the Ordinance remains enforceable, Plaintiffs are subject to accruing per-day civil penalties and to the chilling of lawful commercial and expressive activity. Plaintiffs have no adequate remedy at law.

CLAIMS FOR RELIEF

COUNT I — Ultra Vires: The Ordinance Conditions Its Own Repeal on an Election the City Has No Power to Conduct (IC 36-1-3-8(a)(12); IC 34-14-1-2)

46. Plaintiffs incorporate the preceding paragraphs.

47. The Home Rule Act provides that a unit may exercise a power only "to the extent that the power … is not expressly denied by the Indiana Constitution or by statute." IC 36-1-3-5(a)(1).

48. The Home Rule Act expressly denies units "[t]he power to adopt an ordinance, a resolution, or an order concerning an election described by IC 3-5-1-2, or otherwise conduct an election, except as expressly granted by statute." IC 36-1-3-8(a)(12).

49. BMC § 14.25.040(b) conditions the lifting of the prohibition on "voter approval for the development of Superintelligence by the electorate of the City of Bloomington, with an affirmative vote of more than 95% of registered voters." The sponsor's Memorandum confirms that this provision contemplates a municipal election: "the ultimate authority to lift the ban is left completely to the local electorate via a 95% voter approval threshold."

50. No statute expressly grants the City the power to conduct a municipal election or referendum on the subject of artificial intelligence. BMC § 14.25.040(b) is therefore an ordinance "concerning an election" and an attempt to "otherwise conduct an election" in violation of IC 36-1-3-8(a)(12), and is void.

51. Because BMC § 14.25.040 states that the prohibition "shall not be lifted unless" both conditions are met, and because the Council has declared that the voter-approval condition is integral to the Ordinance's design, the invalid provision is not severable from the remainder of Chapter 14.25. In the alternative, even if severable, the remaining provisions are independently void for the reasons stated in Counts II through VII.

52. Plaintiffs are persons "whose rights, status, or other legal relations are affected by a … municipal ordinance" and are entitled to a declaration of the Ordinance's invalidity. IC 34-14-1-2.

COUNT II — Ultra Vires: The Ordinance Prescribes Law Governing Civil Actions Between Private Persons (IC 36-1-3-8(a)(2); IC 34-14-1-2)

53. Plaintiffs incorporate the preceding paragraphs.

54. The Home Rule Act expressly denies units "[t]he power to prescribe the law governing civil actions between private persons." IC 36-1-3-8(a)(2).

55. BMC § 14.25.050 declares that "[a]ny person, business, or entity who suffers physical, economic, or other harm resulting from a violation of this chapter shall have any and all remedies available at law to recover damages and fees without limitation."

56. The sponsor's Memorandum states that the purpose of the Ordinance is, in part, to "help plaintiffs meet their burden of proof" in private civil actions against developers of the targeted technology, to expose those developers "to lawsuits reflecting imminent harm," and to impose "liability costs … profound enough to prevent any insurers from providing product liability insurance."

57. By declaring a class of software a "public safety hazard nuisance" by legislative fiat, by declaring that any harm "resulting from a violation" gives rise to recovery of "damages and fees without limitation," and by expressly designing the Ordinance to alter the burden of proof in private litigation, the City has attempted to prescribe the law governing civil actions between private persons in violation of IC 36-1-3-8(a)(2). BMC § 14.25.050 and the nuisance declaration in the preamble are void.

COUNT III — Ultra Vires: Extraterritorial Reach and Regulation of a Field Occupied by State Agencies (IC 36-1-3-9(b); IC 36-1-3-8(a)(7); IC 36-1-3-8(a)(8); IC 34-14-1-2)

58. Plaintiffs incorporate the preceding paragraphs.

59. The Home Rule Act provides that "[t]he area inside the corporate boundaries of a municipality comprises its territorial jurisdiction, except to the extent that a statute expressly authorizes the municipality to exercise a power in areas outside its corporate boundaries." IC 36-1-3-9(b).

60. BMC § 14.25.030 purports to regulate "any person or corporation" that distributes or deploys software "regardless of the physical location of the server infrastructure hosting the system," and BMC § 14.25.020(c) purports to reach any "developer that places a Superintelligence system into operation for public, enterprise, or external use, which allows data to enter Bloomington City

Limits." No statute expressly authorizes the City to regulate persons, servers, or commercial activity located outside its corporate boundaries. The Ordinance exceeds the City's territorial jurisdiction and is void to that extent.

61. The Home Rule Act further denies units "[t]he power to regulate conduct that is regulated by a state agency, except as expressly granted by statute." IC 36-1-3-8(a)(7). The State of Indiana, through the Indiana Office of Technology, the Office of the Chief Data Officer, and the Attorney General, regulates the assessment, deployment, and use of artificial-intelligence systems under IC 4-13.1-5, IC 24-15, and the State of Indiana Artificial Intelligence Policy and Standard. An ordinance that prohibits outright what state agencies assess, inventory, permit, and regulate "frustrate[s]" rather than "supplement[s]" state law and is invalid. *Ind. Dep't of Nat. Res. v. Newton County*, 802 N.E.2d 430, 432–33 (Ind. 2004); *Hobble ex rel. Hobble v. Basham*, 575 N.E.2d 693, 697 (Ind. Ct. App. 1991).

62. In the alternative, to the extent the City contends, as BMC § 14.25.060(a) implies by authorizing "referral to the Monroe County Prosecutor for any potential state-level criminal charges," that the conduct prohibited by the Ordinance constitutes a crime or infraction under state statute, the City lacks "[t]he power to prescribe a penalty for conduct constituting a crime or infraction under statute." IC 36-1-3-8(a)(8).

COUNT IV — Void for Vagueness (Fourteenth Amendment; 42 U.S.C. § 1983)

63. Plaintiffs incorporate the preceding paragraphs.

64. The Due Process Clause of the Fourteenth Amendment prohibits the enforcement of a law that fails to give a person of ordinary intelligence fair notice of what is prohibited or that is so standardless that it invites arbitrary and discriminatory enforcement. *Kolender v. Lawson*, 461

U.S. 352, 357 (1983); *Grayned v. City of Rockford*, 408 U.S. 104, 108–09 (1972); *FCC v. Fox Television Stations, Inc.*, 567 U.S. 239, 253 (2012); *Bell v. Keating*, 697 F.3d 445, 455 (7th Cir. 2012).

65. The Ordinance's definition of "Superintelligence" turns on whether a system "greatly exceeds the cognitive performance of humans in virtually all domains of interest." The Ordinance supplies no benchmark, no test, no certifying authority, and no evidentiary standard by which that question is to be answered. The City's own sponsor has stated that the systems in question are "untestable." A standard the enacting body concedes cannot be applied is, by definition, one that fails to give fair notice.

66. The definition is internally inconsistent. It first describes a system with "super-human capability in all three aspects" of agency, generality, and intelligence, then describes any system "capable of self-modifying its core algorithms, executing code in environments outside its initial sandbox, or operating without continuous human oversight while … performing any complex goal-oriented task that may affect municipal infrastructure, financial markets, or public safety." Read disjunctively, the second description reaches a large share of ordinary commercial software in use today. Read conjunctively with the "virtually all domains of interest" clause, it reaches nothing that is known to exist. A person of ordinary intelligence cannot tell which reading governs.

67. BMC § 14.25.030 prohibits the use of "any unauthorized digital agent." The Ordinance does not define "unauthorized," establishes no authorization process, and names no authorizing official. On its face the provision bans every digital agent, because none can be "authorized."

68. The Ordinance applies to distribution or deployment "for any purpose" and vests enforcement in the Department of Law and the Police Department as a matter of "discretion[]," with no standards governing when, against whom, or on what evidence that discretion is to be exercised. The Ordinance therefore impermissibly delegates basic policy matters to police officers and city attorneys for resolution on an ad hoc and subjective basis. *Kolender*, 461 U.S. at 358.

69. Because the Ordinance imposes civil penalties and contemplates referral for criminal prosecution, and because it burdens expressive and commercial activity, it is subject to a heightened standard of definiteness that it cannot meet. The Ordinance is void for vagueness on its face and as applied to Plaintiffs.

COUNT V — Dormant Commerce Clause (U.S. Const. art. I, § 8, cl. 3; 42 U.S.C. § 1983)

70. Plaintiffs incorporate the preceding paragraphs.

71. The Commerce Clause, by negative implication, prohibits a State or its political subdivisions from enacting laws that discriminate against interstate commerce, that directly regulate commerce occurring wholly outside the enacting jurisdiction, or that impose burdens on interstate commerce clearly excessive in relation to their putative local benefits. *Pike v. Bruce Church, Inc.*, 397 U.S. 137, 142 (1970); *Healy v. Beer Inst.*, 491 U.S. 324, 336 (1989); *Nat'l Pork Producers Council v. Ross*, 598 U.S. 356 (2023); *Legato Vapors, LLC v. Cook*, 847 F.3d 825, 829–34 (7th Cir. 2017); *Midwest Title Loans, Inc. v. Mills*, 593 F.3d 660, 665–69 (7th Cir. 2010). A claim for violation of the Commerce Clause is cognizable under 42 U.S.C. § 1983. *Dennis v. Higgins*, 498 U.S. 439, 447–51 (1991).

72. The Ordinance regulates the delivery of software services over the internet from servers located outside Indiana to users inside Bloomington. The internet is a quintessential instrumentality of interstate commerce, and a municipality cannot regulate what is served into its borders over the internet without regulating conduct that occurs, and commercial relationships that are formed, wholly outside the municipality. See *Am. Libraries Ass'n v. Pataki*, 969 F. Supp. 160, 169–77 (S.D.N.Y. 1997); *ACLU v. Johnson*, 194 F.3d 1149, 1160–61 (10th Cir. 1999); *PSINet, Inc. v. Chapman*, 362 F.3d 227, 239–41 (4th Cir. 2004); *Am. Booksellers Found. v. Dean*, 342 F.3d 96, 103–04 (2d Cir. 2003).

73. The Ordinance discriminates against interstate commerce in purpose and effect. The sponsor's Memorandum states that the Ordinance "prevents outside commercial tech entities from making high-risk deployments in Bloomington without local permission," and describes the Ordinance as a template whose adoption by hundreds of municipalities "would create a massive regulatory burden for companies creating" the targeted technology. The Ordinance's object is to burden out-of-state developers as such. A law enacted with the purpose of burdening interstate commerce is subject to, and cannot survive, strict scrutiny.

74. The Ordinance imposes burdens on interstate commerce that are clearly excessive in relation to any putative local benefit. The City has identified no local harm that has occurred, no mechanism by which it will identify a "Superintelligence," no budget for enforcement, and no local benefit beyond the symbolic. Against that absence of benefit, the Ordinance exposes every developer in the nation whose software can be reached from a browser in Bloomington to per-day penalties and injunctive proceedings, and, by the sponsor's own design, invites a patchwork of inconsistent municipal regimes. That is precisely the "interact[ion] with the legitimate

regulatory regimes of other states" that the Commerce Clause exists to prevent. *Healy*, 491 U.S. at 336–37; *Legato Vapors*, 847 F.3d at 834–35.

75. The Ordinance violates the Commerce Clause on its face and as applied to Plaintiffs.

COUNT VI — First Amendment (U.S. Const. amends. I, XIV; 42 U.S.C. § 1983)

76. Plaintiffs incorporate the preceding paragraphs.

77. Computer code, including the source code, weights, and outputs of artificial-intelligence systems, is expression protected by the First Amendment. *Junger v. Daley*, 209 F.3d 481, 484–85 (6th Cir. 2000); *Universal City Studios, Inc. v. Corley*, 273 F.3d 429, 445–49 (2d Cir. 2001); *Bernstein v. U.S. Dep't of State*, 922 F. Supp. 1426, 1434–36 (N.D. Cal. 1996), *aff'd sub nom. Bernstein v. U.S. Dep't of Justice*, 176 F.3d 1132 (9th Cir.), *reh'g en banc granted and opinion withdrawn*, 192 F.3d 1308 (9th Cir. 1999). The internet is entitled to the full protection of the First Amendment. *Reno v. ACLU*, 521 U.S. 844, 870 (1997).

78. BMC § 14.25.030 prohibits any person from "distribut[ing]" or "permit[ting] to be distributed" a class of software "for any purpose," including research, education, journalism, and political advocacy. It is a content-based restriction on the distribution of expressive material, defined by what the software is capable of saying and doing, and is subject to strict scrutiny.

79. The Ordinance is not narrowly tailored to any compelling interest. It bans rather than regulates; it applies "for any purpose"; it supplies no standard; and the City has identified no less restrictive alternative it considered. The Ordinance is also substantially overbroad, reaching a vast quantity of protected expression in relation to any legitimate sweep.

80. The Ordinance violates the First Amendment on its face and as applied to Plaintiffs.

COUNT VII — Indiana Constitution, Article 1, §§ 9 and 12 (IC 34-14-1-2)

81. Plaintiffs incorporate the preceding paragraphs.

82. Article 1, Section 9 of the Indiana Constitution provides that "[n]o law shall be passed, restraining the free interchange of thought and opinion, or restricting the right to speak, write, or print, freely, on any subject whatever." Article 1, Section 12 guarantees that "every person, for injury done to him in his person, property, or reputation, shall have remedy by due course of law."

83. For the reasons stated in Counts IV and VI, the Ordinance restrains the free interchange of thought and opinion and the right to write and print freely, and it subjects Plaintiffs to penalties under a standard so indefinite that it denies due course of law. The Ordinance violates Article 1, Sections 9 and 12 of the Indiana Constitution.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court:

A. Declare, pursuant to 28 U.S.C. § 2201 and IC 34-14-1-2, that Ordinance 2026-29 and Bloomington Municipal Code Chapter 14.25 are void and unenforceable in their entirety because they exceed the powers of the City under the Indiana Home Rule Act, IC 36-1-3-5, 36-1-3-8(a)(2), (a)(7), (a)(8), and (a)(12), and 36-1-3-9(b);

B. Declare that Ordinance 2026-29 and Bloomington Municipal Code Chapter 14.25 violate the First and Fourteenth Amendments to the United States Constitution, the Commerce Clause of the United States Constitution, and Article 1, Sections 9 and 12 of the Indiana Constitution;

C. Issue a temporary restraining order, preliminary injunction, and permanent injunction prohibiting Defendants, their officers, agents, employees, and all persons acting in concert with them, from enforcing or threatening to enforce Ordinance 2026-29 or Bloomington Municipal Code Chapter 14.25;

D. Award Plaintiffs their reasonable attorneys' fees and costs under 42 U.S.C. § 1988;

E. Award Plaintiffs their costs of this action; and

F. Grant such other and further relief as the Court deems just and proper.

VERIFICATION

I, [Name], am the [Title] of [Plaintiff A, LLC] and am authorized to make this verification on its behalf. I have read the foregoing Verified Complaint. The factual allegations concerning [Plaintiff A] in paragraphs 9, 41, 43, 44, and 45 are true and correct based on my personal knowledge. The remaining factual allegations are true and correct to the best of my knowledge, information, and belief, based on the public records cited and attached. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. 28 U.S.C. § 1746.

Executed on _____, 2026, at Bloomington, Indiana.

_____

[Name], [Title]

[Plaintiff A, LLC]

[Parallel verification block for Plaintiff B.]

Respectfully submitted,

_____

[Attorney Name], Atty. No. [#####-##]

[Firm]

[Address]

[Phone] · [Email]

Counsel for Plaintiffs

Dated: _____, 2026

EXHIBIT LIST

- **Exhibit A** — Ordinance 2026-29 as adopted November 4, 2026, with Council Staff Memorandum dated October 14, 2026 (Common Council packet, November 4, 2026, pp. 156–166).
- **Exhibit B** — Resolution 2026-10, adopted June 10, 2026.
- **Exhibit C** — Common Council packet, November 4, 2026, memorandum accompanying Ordinance 2026-30 (showing Corporation Counsel co-signature), for comparison.
- **Exhibit D** — Declaration of [Plaintiff A representative].
- **Exhibit E** — Declaration of [Plaintiff B representative].
- **Exhibit F** — Certified copy of the Ordinance from the Bloomington City Clerk, with mayoral approval and publication proofs (to be obtained).