

He convinced the world that luminous spandex and skinny jeans could somehow represent acceptable wardrobe staples. But behind the scenes, Dov Charney, founder of the fashion chain American Apparel, took an equally unorthodox approach to workplace ethics, according to the latest sexual harassment lawsuit to drop into his mailbox.

The 42-year-old entrepreneur is being sued by a former employee who claims she was forced to perform an exotic array of sex acts upon him, over a period that lasted eight months.

Irene Morales, a 20-year-old former store manager for American Apparel, is seeking \$260m (£163m) in damages. That's more than three times the market capitalisation of the entire company, which in recent years has seen its stock price collapse and has flirted with bankruptcy after its bright and breezy clothing fell out of fashion.

Her lawsuit, filed in Brooklyn on Tuesday, says that Ms Morales joined the firm in 2007, at the age of 17. It alleges that she quickly caught the eye of Mr Charney, was swiftly promoted to store manager, and in April 2008, shortly after she had turned 18, she was invited to visit him at home in Manhattan.

There, Mr Charney greeted her wearing only his underpants and promptly "forced her to go down on her knees just inside the front door and perform fellatio," the lawsuit claims, before "dragging" Ms Morales to the bedroom for more of the same, "nearly suffocating her in the process".

"She was then, to all intents and purposes, held prisoner in the apartment for several hours and forced to perform additional sexual acts," the suit says, adding that Ms Morales was promised career advancement if she complied.

Sexual abuse is alleged to have continued for the next eight months. Among other alleged transgressions, Mr Charney is said to have sent explicit photographs, emails and text messages to his teenage employee. At one point, she recalls being presented with a "large dildo sex toy".

Later that summer, Ms Morales was "induced" to visit Mr Charney's home near the firm's Los Angeles headquarters, where "she was subjected to extreme psychological abuse and torment". She resigned later that year, and claims to still be "emotionally traumatised by the experience".

Mr Charney refused to comment when reached by reporters yesterday, referring inquiries about the case to American Apparel's lawyers. In a statement, they claimed that Ms Morales had "left the company without complaint and resigned with a letter of gratitude regarding her positive experience" there.

The statement neither confirmed nor denied the existence of a sexual relationship between Ms Morales and Mr Charney, a tabloid fixture who has previously faced at least three sexual harassment suits from disgruntled female employees.

In interviews, Mr Charney has often boasted of sexual exploits with female subordinates, and told how he pays models to participate in wet T-shirt contests in his office. He once jollified an interview with Claudine Ko, a reporter for Jane magazine, by undoing his belt and fondling his crotch.