

T. Bates, of Kentucky, an old steamboat captain, in the purchase of the steamer Georgian. She had scarcely been transferred when the story went abroad that she had been purchased and armed for the purpose of sinking the Michigan, releasing the prisoners on Johnson's Island, and destroying the shipping on the lakes, and the cities on their margin. The wildest consternation prevailed in all the border cities; at Buffalo two tugs had cannon placed on board, four regiments of soldiers were sent there—two of them represented to have been drawn from the army of Virginia. Bells were rung at Detroit and churches broken up on Sunday. The whole lake shore was a scene of wild excitement. Boats were sent out, which boarded the Georgian, and found nothing contraband on board, but still the people were incredulous. The bane and curse of carrying out anything in this country is the surveillance under which we act. Detectives or those ready to give information stand at every street corner. Two or three can not interchange ideas without a reporter.

The Presidential election has so demoralized the leaders of the order of the "Sons of Liberty" that a new organization under new leaders has become an absolute necessity. This is now going forward with great vigor and success. The new order is styled the "Order of the Star." There is a general expectation that there will soon be a new draft, and the members swear resistance to another draft. It is purely military, wholly independent of politics and politicians. It is given out among the members that Stonewall Jackson is the founder of the order, and the name has its significance from the stars on the collars of Southern officers. There is no ground to doubt that the masses, to a large extent, of the North are brave and true, and believe Lincoln a tyrant and usurper.

During my stay in Canada a great amount of property has been destroyed by burning. The information brought me as to the perpetrators is so conflicting and contradictory, that I am satisfied that nothing can be certainly known. Should claims be presented at the war office for payment for this kind of work, not one dollar should be advanced on any proof adduced until all the parties concerned may have an opportunity for making out and presenting proof. Several parties claim to have done the work at St. Louis, New Orleans, Louisville, Brooklyn, Philadelphia, and at Cairo. Within the last few days Dr. K. I. Stewart, of Virginia, has reached this place, and very mysteriously informs me that he has a plan for the execution of something which has received the sanction of the President. He is in want of money, and states to me that you gave him a draft on me for \$20,000 in gold, which has been lost on the way. He has sent back to Richmond for a renewal. He has rented a large house and moved his family into it. I can not doubt his word, but, of course, I do not feel authorized to advance him money without your authority or that of the President. I have, however,

been constrained to advance him \$500 in gold on his written statement that, unless the money was in hand the lives and liberties of high Confederate officers would be imperilled.

Owing to the health of Mr. Clay we separated at Halifax, and since then we have not lived together, though we have been in consulting distance.

As the money was all in my name, which I supposed to be controlled by us jointly, and as he desired to have a sum placed in his hands at all times subject to his personal control, I transferred to him \$93,614, for which I hold his receipts, and for which he promises to account to the proper authorities at home. Including the money turned over to Mr. Clay, all of which he has not yet expended, the entire expenditures as yet on all accounts is about \$300,000. I still hold three drafts for \$100,000 each, which have not been collected. Should you think it best for me to return I would be glad to know in what way you think I had best return with the funds remaining on hand.

I infer from your "persona" in the New York News that it is your wish I should remain here for the present, and I shall obey your orders. Indeed I have so many papers in my possession, which in the hands of the enemy would utterly ruin and destroy very many of the prominent men in the North, that a due sense of my obligation to them will force on me the extremest caution in my movements.

For the future, discarding all dependence on the organizations in the Northern States, our efforts, in my judgment, should be directed to inducing those who are conscripted in the North, and who utterly refuse to join the army to fight against the Confederate States, to make their way South to join our service. It is believed by many that at least a number sufficient to make up a division may be secured in this way for our service before spring, especially if our army opens up a road to the Ohio. Some are now on their way to Corinth, which at present is the point of rendezvous. Also to operate on their railroads and force the enemy to keep up a guard on all their roads, which will require a large standing army at home, and to burn whenever it is practicable, and thus make the men of property feel their insecurity, and tire them out with the war. The attempt on New York has produced a great panic, which will not subside at their bidding.

This letter, though long, does not, I am aware, report many things of minor importance which have occurred during my sojourn in Canada, but I shall omit them at present.

Very respectfully, your obedient servant,
J. THOMPSON.

NOTE.—The original copy bears the following endorsement in the hand-writing of J. P. Benjamin, Confederate Secretary of War:
"Rec'd 13 Feb'y, '65. J. P. B."