

wood, the steamer *Island Queen*, with a large number of passengers and thirty-two soldiers, came up alongside and lashed herself to the *Parsons*. An attack was at once resolved upon. The passengers and soldiers were soon made prisoners, and the boat delivered up to our men. The soldiers were regularly paroled; the passengers were left on the island, having given their promise not to leave for twenty-four hours, and the boat was towed out into the lake and sunk.

The *Parsons* was then steered directly for the Bay of Sandusky; here the men, from certain reasons not altogether satisfactory, but possibly fortunately, refused to make the attack on the Michigan. Beall returned, landed at Sandvich, C. W., and the men scattered through the country. Most of them have returned to the Confederate States, but a few days since Acting Master Benuet G. Barley was arrested, and the trial is now going on for his delivery under the extradition treaty. If we had Cole's, Beall's, or his own commission I should not fear the result. As it is, they will have to prove that they acted under my order, and that will, in all probability, secure his release, but it may lead to my expulsion from the provinces; at least, I have it from a reliable source that this last proposition has been pressed upon the Canadian authorities, and they have considered it. Should the course of events take this direction, unadvised by you, I shall consider it my duty to remain where I am, and abide the issue. I should prefer, if it be possible, to have your views on the subject. Captain Cole is still a prisoner on Johnson's island. In obedience to your suggestion, as far as it was practicable, soon after my arrival here I urged the people in the North to convert their paper money into gold and withdraw it from the market. I am satisfied this policy was adopted and carried into effect to some extent, but how extensively I am unable to state. What effect it had on the gold market it is impossible to estimate, but certain it is that gold continued to appreciate until it went to 290. The high price may have tempted many to change their policy, because afterward gold fell in the market to 150, when it was about 180, and exportation of gold was so small that there appeared to be but little or no demand for it. Mr. John Porterfield, formerly a banker in Nashville, but now a resident of Montreal, was furnished with \$100,000 and instructed to proceed to New York to carry out a financial policy of his own conception, which consisted in the purchase of gold and exporting the same, selling it for sterling bills of exchange, and then again converting his exchange into gold. This process involved a certain loss, the cost of transshipment. He was instructed by Mr. Clay and myself to go on with his policy until he had expended \$25,000, with which he supposed he would ship directly \$5,000,000, and induce others to ship much more, and then if the effect upon the gold market was not very perceptible he was to desist and return to Canada, and restore the money unexpended. By his last

report he had caused the shipment of more than two millions of gold at an expense of less than ten thousand dollars, but it seems that a Mr. Lyons, who had been a former partner of Porterfield, was arrested by General Butler, on the ground that he was exporting gold; and although Mr. Lyons had no connection with Mr. Porterfield in this transaction, yet he thought it prudent to return to Canada, and, while he retains the unexpended balance of the \$25,000 to carry out his instructions, he has restored \$75,000. I must confess that the first shipment had a marked effect on the market. I am inclined to the opinion that his theory will work great damage and distrust in the Federal finances if vigorously followed up, and if no untoward circumstances should interfere with the operation.

Soon after I reached Canada a Mr. Minor Major visited me and represented himself as an accredited agent from the Confederate States to destroy steamboats on the Mississippi river, and that his operations were suspended for want of means. I advanced to him \$2,000 in Federal currency, and soon afterward several boats were burned at St. Louis, involving an immense loss of property to the enemy. He became suspected, as he represented to me, of being the author of this burning, and from that time both he and his men have been hiding, and consequently have done nothing. Money has been advanced to Mr. Churchill, of Cincinnati, to organize a corps for the purpose of incendiaryism in that city. I consider him a true man, and although as yet he has effected but little, I am in constant expectation of hearing of effective work in that quarter.

Previous to the arrival of Lieutenant Colonel Martin and Lieutenant Headly, bringing an unsigned note from you, all the different places where our prisoners are confined—Camp Douglas, Rock Island, Camp Morton, Camp Chase, Elmira—had been thoroughly examined, and the conclusion was forced upon us that all efforts to release them without an outside coöperation would bring disaster upon the prisoners and result in no good. All projects of that sort were abandoned, except that at Camp Douglas, where Captain Hines still believed he could effect their release. We yielded to his firmness, zeal, and persistence, and his plans were plausible, but treachery defeated him before his well-laid schemes were developed. Having nothing else on hand Colonel Martin expressed a wish to organize a corps to burn New York city. He was allowed to do so, and a most daring attempt has been made to fire that city, but their reliance on the Greek fire has proved a misfortune. It can not be depended on as an agent in such work.

I have no faith whatever in it, and no attempt shall hereafter be made, under my general directions, with any such materials. I knew nothing whatever of the raid on St. Alban's until after it transpired. Desiring to have a boat or whose captain and crew reliance could be placed, and on board of which arms could be sent to convenient points for arming such vessels as could be seized for operations on the Lakes, I aided Dr. James