THE DAILY EXCHANGE.

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SEE FOURTH PAGE.

LATEST NEWS.

FEDERAL TELEGRAMS.

Accuracy not Vouched for.

A FEDERAL VICTORY.

Capture of Forts Clark and Hatteras, and 730 Prisoners—Fifteen Confederates Killed and Thirty Wounded.

FORTRESS MONROE, August 31.—The steamer Adelaide, has returned from the expedition, and brings news of a brilliant victory at Hatteras Inlet by General Butler and Commodore Stringham. The General returned on board the Adelaide and proceeded at once on board of her to Washington via Annapolis, to arrange for supplies and reinforcements for further operations in North Carolina.

The expedition reached its destination on Tuesday. Forts Clark and Hatteras were bombarded on Wednesday, and on Friday at 11 A. M. the Confederates unconditionally surrendered. We have seven hundred and thirty prisoners, among whom are Commodore Barron, Colonel Martin of North Carolina, Major R. Snowden Andrews, (formerly of Baltimore,) of the Confederate Army, and other distinguished officers.

No one was injured on our side. Fifteen of the Confederates were killed and thirty wounded.

We have captured thirty heavy guns and one thousand stand of arms and their equipments, and three prizes, one of which is a cargo of cotton loaded to run the blockade. Also two light boats and a large amount of provisions and coffee, two forts, and a large number of valuable books and papers, showing the designs of the Confederates.

It is regarded as a most important and successful movement and is the occasion of great rejoicing at Old Point.

ANNAPOLIS, Sept. 1.—Gen. Butler has left fifteen wounded Confederate prisoners at Annapolis in charge of Col. Morse, commandant at that station. They have been placed in the hospital at the Naval Academy where they are being well cared for.

The following are the articles of capitulation agreed upon between Commodore Stringham and Gen. Butler, on the Federal side, and Commodore Barron, Colonel Martin, and Major Andrews, for the Confederates. It will be particularly observed that "the officers and men are to receive the treatment due to prisoners of war."

It is stipulated and agreed between the contracting parties that the forces under command of said Barron, Martin and Andrews, and all munitions of war, and arms, and the forts now under the command of said Barron, Martin and Andrews, be unconditionally surrendered to the Government of the United States, in terms of full capitulation. And it is stipulated and agreed by the contracting parties, on the part of the said United States Government, that *the officers and men shall receive the treatment due to prisoners of war.*

In witness whereof, we, the said Stringham and Butler, on behalf of the United States, and the said Barron, Martin and Andrews, representing the forces at Hatteras Inlet, have hereunto interchangeably set our hands, this twenty-ninth day of August, A. D. 1861, and of the independence of the United States the eighty-fifth year.

[Signed.] S. H. STRINGHAM,
Flag-Officer Atlantic Blockading Squadron.
BENJ. F. BUTLER,
Major-General United States Army, Commanding.
S. BARRON,
Flag-Officer Confederate States Navy, Commanding Naval Forces Virginia and North Carolina.
WM. F. MARTIN,
Colonel Seventh Regiment Infantry, North Carolina Volunteers.
W. L. G. ANDREWS,
Major Commanding Forts Hatteras and Clark.

UNITED STATES CHARTERED STEAMER ADELAIDE, August 31, 1861.

To Hon. Gideon Welles, Secretary of the Navy:

SIR—I have to report that the expedition to Cape Hatteras Inlet has resulted in a signal victory over the Rebels. The conquest of two forts, 25 cannon, 1,000 stand of arms, 715 prisoners, amongst whom are Captain Samuel Barron, Lieutenant Sharpe, and Dr. Wyatt M. Brown, all late of the United States Navy, and Major Andrews and other officers of the United States Army.

The amount of loss on their side is not exactly known. Five are ascertained to have been buried, and eleven wounded are on board this vessel. Many were carried away. Lieut. Murdoch, late of the United States Navy, is among the number, with the loss of an arm. We are not with us aware of any consequence whatever. The surrender was unconditional. For all particulars I beg to refer to the reports of Flag Officer Silas H. Stringham and Major General Benjamin F. Butler.

Although the Adelaide and George Peabody were chartered for other especial service, yet to further important operations I consented to take the troops on board from Newport News and Fortress Monroe—nine hundred men, with arms, provisions and munitions—and landed part of them, about three hundred, amidst a heavy surf, until the boats filled and became unmanageable.—The men of war hauled in and commenced a heavy cannonade at a quarter past 10, A. M., on the 28th, and kept it up at intervals all day and re-commencing on the 29th, at quarter past 8, with increased effect. The enemy's reinforcements endeavoring to land—a thousand or fifteen hundred men—they were driven back, and at 11.30 they displayed a flag of truce and were forced to surrender at discretion.

On the appearance of the white flag I steamed into the inlet and had behind the Harriet Lane ready to throw the remaining troops ashore, either in case of a commencement or cessation of hostilities. The George Peabody, Lieutenant Lowry, did the same. At the surrender we officiated in the ceremonies, after which the prisoners were brought to this vessel, and next day, the 30th instant, placed them on board the Minnesota, which vessel sailed at 2 30 P. M. for New York, and we left for Annapolis, with Major-General Butler, United States Army, and the wounded prisoners. I hope my endeavors in the expedition may meet your full approbation, and beg to recommend to your consideration the conduct of Lieutenant-Commanding R. B. Lowry, associated with me in this work, and placed in charge of the George Peabody; of Dr. William M. King, United States Navy, who volunteered for the expedition. I have also received valuable assistance from my corps of pilots, and from Dr. C. Stillwagen and James Forsyth, who acted in the place of junior officers.

I am, very respectfully,
Your obedient servant,
[Signed] H. C. STILLWAGEN, Commander.

UNITED STATES CHARTERED STEAMER ADELAIDE, August 31, 1861.

SIR:—In obedience to your order I have the honor herewith to furnish you a complete list of the wounded prisoners taken at the surrender of Fort Hatteras.

The whole number is thirteen, and eleven of these were transferred to this steamer by the order of Flag Officer Silas H. Stringham. The two remaining men were found to be too seriously injured to permit of their being moved, and were consequently left in the Fort in charge of a medical officer.

From the information which I have received from a creditable source, I have formed the opinion that many of the wounded, and perhaps all the killed, were sent on board the Confederate steamers in the Sound, prior to the capitulation. Only two killed were found, and these were discovered in the out-houses of Fort Clark the day of the evacuation of that work.

I understand from Surgeon Wyatt and Mr. Brown, formerly of the United States Navy, and at present holding a commission in the navy of the Confederate States, and in charge of the medical department of Forts Hatteras and Clark, that ex-Lieutenant Murdough, of the United States Navy, was very badly injured, a fragment of shell striking his forearm and making a compound fracture of both bones.

This gentleman escaped from Hatteras, prior to the surrender, in the privateer Winslow.

Willoughby Davis, age 22, native of North Carolina—Jonesboro' Guards—wound in instep, not serious.

William E. Clark, age 17, of North Carolina—Tar Run Boys—wound in thigh.

James A. Coony, age 23, native of North Carolina—Tar Run Boys—wound in shoulder; quite serious—doing well.

W. G. Andrews, of the Hamilton Guards—lacerated wound in left ankle—serious.

Matthias Tannager, age 23, of the North Carolina Defenders—wound in breast—doing well.

Logan Mills, age 18, native of North Carolina.—Lenoir Braves—slight flesh wound of leg.

Wilson J. Forbes, age 27, native of North Carolina—Jonesborough Guards—lacerated wound.

Henry Hines, a native of North Carolina, age 25—Lenoir Braves—seriously lacerated wound in left side.

Ashley Reele, age 25, a native of North Carolina—Hamilton Guards,—lacerated wound left side.

John Mills age 18, native of North Carolina—Tar Run Boys—wound in arm produced by a fragment of shell.

Mr. Gillett Rogerson, native of North Carolina—Roanoke Guards—contusion of right foot, considerable swelling but no fracture.

Francis Mooring, age 51, a native of North Carolina—Lenoir Braves—right half of forehead with a portion of anterior lobe of brain carried away by a piece of shell. Wound mortal.

John Mooring, aged 18, a native of North Carolina—Tar River boys—compound and comminuted fracture of the left arm, and compound fracture of the left thigh. Wound mortal.

The above named men were placed under my care after the surrender of Fort Hatteras on the afternoon of the 29th inst. The injuries were caused by fragments of shells during the bombardment of the Fort, which not only lacerated, but in many, if not all the cases, burned the soft parts.

I am very respectfully,
Your obedient servant,
(Signed,) WM. M KING,
Assistant Surgeon.

To Commander H. S. Stillwagen, United States Navy, commanding steamer Adelaide, on special service.

General Butler, accompanied by Commander Stillwagen and others connected with the military and naval forces, arrived here early this morning in a special train from Annapolis.

The news of the brilliant exploit on the North Carolina coast, soon spread through the city, and occasioned undoubted joy among all loyal people.

The Government, of course, was promptly informed of the gladsome news. The returned officers, in company with several members of the Cabinet, visited the President between ten and eleven o'clock.

The result of the expedition, is claimed to be the possession of the entire North Carolina coast.

Another Account of the Expedition to Hatteras Inlet.

WASHINGTON, Sept. 1.—The Navy Department, by able and experienced officers, has carefully studied the whole line of our coast, with a view to making the best use of such forces as it could secure.—The expedition to Hatteras Inlet was planned before the meeting of Congress, and when that body placed the necessary funds at the disposal of the Department, active preparations were made.

As the co-operation of the War Department was necessary, other preliminaries requiring time were indispensable, so that it was not until Monday the 26th ult., that the expedition sailed. The success is perfect and every anticipation of the Department is realized.

Among the papers captured was a press copy of a letter from the late American Consul at Rio, Robert G. Scott, giving a list of all the vessels leaving or to leave that port during a month, with a full description of their cargoes and destination. By this information the rebel privateers knew just when and where to look for the vessels and six named in the list were captured.

The report of the Engineer in Chief of the Confederates was also among the papers found. It states that all the good guns at Norfolk are expended. Also the whole amount of fuss. Some hand-made percussion caps were found and it was ascertained that the copper had been stripped from one of their prizes—the bark Linwood—to furnish material for the manufacture of these caps. They were of tolerable good quality.

Among the guns captured, was one large ten-inch Columbiad from the Tredegar works, Richmond, which had not been mounted.

Our vessels took three prizes—one brig, the Henry C. Rodgers, of New York, and two light boats belonging to the United States, but in the employment of the Confederates, with miscellaneous cargoes.

A gentleman connected with the expedition reports that the Federal forces were landed and drawn up in line on the beach, when it was found that there were 319 men under Col. Max Webber, of the New York 20th regiment. At this time the wind raised a little, and it was found impossible to land more troops. Pickets were immediately posted, under command of Lieut. Leder of the regulars.

A scouting party under Lieutenant Colonel Weiss and Lieutenant Creigel, proceeded up the beach, capturing one brass field piece and a horse. The force then advanced to Fort Clark, which had been evacuated, but they were compelled to retire again, owing to the shells fired from the fleet falling therein, and they marched back to the place of landing, where they bivouacked for the night.

Early next morning they again returned and the fleet commenced bombarding the second fort called fort Hatteras, which soon after displayed the white flag, and the fort was entered by Captain Nixon, of the Union Coast Guard, Lieut. Criegel, of Gen. Butler's staff, and Sergeant Dalvoge. They were conducted to the tent of Commodore Barron, the commander of the Confederate forces.

After some preparatory and common-place remarks, the Commodore placed in the hands of Lieut. Criegel the following proposition, which he immediately carried to General Butler.

Memorandum.

Flag Officer Samuel Barron, C. S. Navy, offers to surrender Fort Hatteras with all the arms and munitions of war, the officers to be allowed to go out with side arms, and the men without arms, to retire. (Signed) S. BARRON,
Commanding Naval Defences of Virginia and North Carolina.

FORT HATTERAS, August 29, 1861.

General Butler's Reply.

The following reply of General Butler was dispatched by Captain Crosby, U. S. N., and Lieut. Criegel:

Memorandum.—Benjamin F. Butler, Major General Commanding United States army, in reply to the communication of Samuel Barron, commanding forces at Fort Hatteras, cannot admit the terms proposed. The terms offered are these:

Full capitulation *the officers and men to be treated as prisoners of war*; on these or other terms acceptable. Commanding officers to meet on board flag-ship Minnesota to arrange details.

On the reception of this the Commodore called a Council of War of his Field Officers and accepted the terms offered. When they proceeded to the flag ship to arrange the details.

The prisoners were then put on board the flag ship Minnesota and the fort taken possession of. The stars and stripes were hoisted from the fort by Capt. Onsly, of the U. S. N., and Lieut. Criegel, amid the cheers of the troops and the booming of the cannon lately in the possession of the enemy.

Report of Major-General Butler to Major-General Wool.

The following is the report made by General Butler:

U. S. FLAG SHIP MINNESOTA, August 30th, 1861.

GENERAL:—Agreeable to your orders I embarked on the transport steamers Adelaide and George Peabody, 1000 of the 20th Regiment New York volunteers, Col. Weber commanding; 220 of the 9th Regiment New York volunteers, Col. Hawkins commanding; 100 of the Union Coast Guard Capt. Nixon, commanding; 60 of the 2d U. S. Artillery, Lieut. Larned commanding, as a force to operate in conjunction with the fleet under command of Flag Officer Stringham against the rebel force at Hatteras Inlet.

He left Fortress Monroe on Monday the 25th inst, at 1 o'clock, P. M. The last ship of our fleet arrived off Hatteras Inlet about 4 o'clock on Tuesday afternoon. Such preparations as were possible for the landing were made in the evening and at daylight next morning, dispositions were made for an attack on the forts by the fleet and for the landing of the troops. Owing to the previous prevalence of Southwest gales a heavy surf was breaking on the beach.

Every effort was made to land the troops, and after about 315 were landed, including marines from the fleet and the regulars, both of the gunboats on which we depended, were swamped in the surf, and both the flat-boats stove; and a brave attempt being made by Lieutenant Crosby, United States Army, serving with the Army as Post Captain, at Fortress Monroe, who had volunteered to come down with the steam tug Fanny, belonging to the Army, to land in a boat from the war steamer Pawnee, resulted on the beaching of the boat so that she could not be got off.

It was impracticable to land more troops because of the rising wind and sea. Fortunately a twelve pound rifled cannon, landed by the Flag Ship, and a twelve-pound howitzer, were landed, the last slightly damaged.

Our landing was completely covered by the shells of the Monticello and the Harriet Lane.

I was on board the Harriet Lane during the disembarkation of the troops by means of signal, and was about landing with them at the time the boats were stove. We were induced to desist from further attempts at landing troops, by the rising of the wind, and because, in the meantime, the fleet had opened fire on the nearest fort, which was finally silenced and its flag struck. No firing had been opened upon our troops from the other fort, and its flag was also struck.

Supposing this to be a signal of surrender, Col. Webber advanced his troops already landed upon the beach. The Harriet Lane, Captain Faunce, by direction of the pilot, ceased to cross the bar, to get into the smooth water of the inlet, when a fire was opened upon the Monticello, which had proceeded in advance of us, from the other fort. Several shots struck her, but without causing any injury, as I am informed. I be well convinced were both the officers of the Navy and of the Army, that the forts had surrendered at this time, that the frigate Susquehanna had towed the frigate Cumberland to an offing. The fire was then reopened, as there was no signal from either, upon both forts.

In the meantime the men from the Coast Guard had advanced up the beach, with Lieut. Criegel, (who was acting as volunteer aid, and whose gallantry and services I wish to commend,) and took possession of the smaller fort, which was found to have been abandoned by the enemy, and raised the American flag thereon.

It had become necessary, owing to the threatening appearance of the weather, that all the ships should make an offing, which was done with reluctance, from necessity, thus leaving the troops on the shore, part of them in possession of the small forts, about 700 yards from the larger one, and the rest bivouacked on the beach, near the place of landing, about two miles north of the forts.

Early the next morning, the Harriet Lane ran in shore for the purpose of covering any attack upon the troops. At the same time, a large steamer was observed coming down the Sound, inside the land, with reinforcements for the enemy, but she was prevented from landing them by Capt. Dodge, of the Coast Guard, who had placed the two guns from the ship and the six-pounder taken from the enemy, in a small sand battery, and opened fire upon the Confederate steamer.

At o'clock the fleet opened fire again, the flagship being anchored as near as the water permitted, and the other ships coming gallantly into action. It was evident after a few experiments that one shot fell short. An increased length of fuse was telegraphed, and firing was commenced with shells of 15 seconds fuse.

I had sent Wm. Fisk, acting Aid-de-Camp, for the purpose of gaining intelligence of the movements of the troops and of the enemy. I then went with the Fanny in the presence of effecting a landing of the remainder of the troops, when a white flag was run up from the fort. I then went in the direction of the bar into the Inlet. At the same time the troops under Col. Weber marched up the beach and a signal was made from the flag ship to cease firing.

As the steamer Fanny rounded in over the bar the rebel steamer Winslow went up the channel, having a large number of secession troops on board which she had not landed. He threw a shot from the Fanny but she proved to be out of range.

I then went in to Col. Weber on shore to demand the meaning of the white flag. The boat soon returned, bringing Lieut. Criegel, with the following written communication from Samuel Barron, late captain in the United States Navy.

[Here follows the memorandum from Captain Barron, as above.]

Mr. Criegel also brought a verbal communication from Com. Barron, stating that he had in the fort 615 men, and a thousand more within an hour's call, but that he was anxious to spare the effusion of blood. To both the written and verbal communications I made the reply which follows and sent it by Lieut. Crosby. [Here follows the memorandum of General Butler in reply, also given above.]

After waiting three-quarters of an hour Lieut. Crosby returned bringing with him Com. Barron Major Andrews and Col. Martin of the rebel forces. Upon being received on board the tug Fanny they informed me that they had accepted the terms proposed in my memorandum and had come to surrender themselves and their command as prisoners of war.

I informed them that as the expedition was a combined one of the Army and Navy, the surrender must be made on board the flag ship to Flag Officer Stringham as well as myself. We then went on board the Minnesota for that purpose.

On arriving there, the following articles of capitulation were signed, which I hope will meet your approval.

[Here follows the terms of capitulation, which will be found above.]

I then landed and took a formal surrender of the forts, with all the men and munitions of war, inspected the troops to see that the arms had been properly surrendered, marched them out and embarked them on board the Adelaide, and marched my own troops into the fort and raised our flag upon it amid the cheers of our men and a salute of thirteen guns, which had been shotted by the enemy.

The embarkation of the wounded, which was conducted with great care and tenderness from a temporary wharf erected for the purpose, took so long that night came on so dark that it was impossible for the pilots to take the Adelaide over the bar, thereby causing delay. I may mention in this connection, that the Adelaide, in carrying in the troops, at the moment my terms of capitulation were under consideration by the enemy, had grounded upon the bar, but by active and judicious exertions of Commander Stillwagen, after some delay, was got off.

At the same time the Harriet Lane in attempting to cross the bar had grounded and remained fast. This to me was a moment of the greatest anxiety. By these accounts a valuable ship-of-war and a transport steamer, with a large portion of my troops were within the power of the enemy.

I had demanded the strongest terms, which he was considering. He might refuse, and seeing our disadvantage, renew the action; but I determined to abate not a title of what I believed to be due to the dignity of the Government—not even to give an official title to the officer in command of the rebels. Besides, my tug was in the Inlet, and at least I could carry on the engagement with my two rifled six-pounders, well supported with Sawyer's shells.

Upon taking possession of Fort Hatteras I found it mounted ten guns with four yet unmounted, and one large 10-inch Columbiad all ready for mounting.

I append the official muster roll of Col. Martin furnished by him, of the officers and men captured by us.

The position of the fort is an exceedingly strong one, nearly surrounded on all sides by water, and only to be approached by a march of five hundred yards circulating over a long neck of land within half musket range, and over a causeway a few feet only in width, and which was commanded by two 32 pounders loaded with grape and canister which we expended in our salute.

It had a bomb-proof, capable of sheltering three or four hundred men. The parapet is nearly of octagon form, enclosing about two-thirds of an acre of ground well covered with sufficient traverses and ramparts, and parapets upon which our shells had made but little impression. The larger work nearer this Inlet, was known as Fort Hatteras. Fort Clark, which was about 700 yards northerly, is a square redout numbering five guns and two six-pounders.

The enemy had spiked these guns, but in a very imperfect manner. Upon abandoning the fort the day before, I had all the troops on shore at the time of the surrender of the forts, but re-embarked the regulars and the marines. Finding it impossible, without a delay of the fleet, which could not be justified under the state of facts at Fortress Monroe, and owing to the threatening appearance of the weather, I disembarked the provisions, naming, with the provisions captured, about five days' rations for the use of the troops.

On consultation with flag officer Stringham and Commander Stillwagen, I determined to leave the troops and hold the fort because of the strength of the fortifications, its importance, and because if again in possession of the enemy with a sufficient armament, the very great difficulty of its capture, until I could get some further instructions from the Government.

Commodore Stringham directed the steamers Monticello and Pawnee to remain inside, and these, with the men in the forts, are sufficient to hold the position against any force which is likely, or indeed possible, to be sent against it. The importance of the point cannot be overrated. When the channel is marked out any vessel may carry fifteen feet of water over it with ease. Once inside, there is a safe harbor and anchorage in all weathers.

From here the whole coast of Virginia and North Carolina from Norfolk to Cape Look Out, is within our reach by light draught vessels which cannot possibly live at sea during the winter months.—From it offensive operations may be made upon the whole coast of North Carolina to Bogus Inlet extending many miles in to Washington and Beaufort.

In the language of the Chief Engineer of the rebels, Col. Thompson, in an official report, "It is the key of the Albemarle." In my judgment it is a station second in importance only to Fortress Monroe on the coast. As a depot for coasting and supplies for the blockading squadron it is invaluable. As a harbor for our coasting trade or an inlet from the winter storm, or from pirates, it is of the utmost importance. By holding it, Hatteras light may again send forth its cheering ray to guide storm beaten mariner of which the worse than vandalism of the rebels deprived him. It has but one drawback, a want of good water, but that a condenser, like the one in operation at Fortress Monroe, at a cost of a few hundred dollars, can remove.

I append to this report a tabular statement of the prizes which have been taken into the Inlet within a few days, compiled with official documents captured with the Fort.

I add hereto an official report of the Chief Engineer of the coast defences of the rebels. Please find also appended a statement of the arms and munitions of war captured with the Fort, as nearly as they can be ascertained.

While all have done well, I desire to speak in terms of especial commendation of the steadiness and cool courage of Col. Max Weber who we were obliged to leave in command of a detachment of 300 men on a strange coast, without camp equipage or possibility of aid in face of an enemy six hundred strong, on a dark and stormy night. Lieutenant Colonel Weiss conducted a reconnoissance of twenty men; of the daring and prompt efficiency of Capt. Nixon, of the Coast Guard, who, with his men, occupied Fort Clark during the first night, although dismantled and in the face of an enemy of ten times his numbers. I desire to commend to your notice Captain Justin, of the New York ninth, who was left in command of a detachment of his regiment when the unfortunate accident to the Harriet Lane prevented Colonel Hawkins from landing.

Perhaps no one has more of the efficiency of the regulars, under Lieut. Larned, who worked zealously in aiding to land their comrades of the volunteers, overwhelmed amid the rolling surf.

I desire especially to make acknowledgements to Messrs. Fisk and Dodge, my volunteer aids who planted the American flag upon Fort Clark on the second morning to indicate to the fleet its surrender and to prevent the further wasting of shells upon it, a service of great danger from the fire of their own friends.

I make honorable mention of young Fiske, who, risking his life among the breakers, helped to row on shore to carry my orders to the troops landed, and to apprize them of the movement and intentions of the fleet. Also, my thanks for the valuable aid of Capt. Haggerty, who was employed in visiting the prizes in the Sound, while we were agreeing upon the terms of capitulation.

Of the services to the country of the gentlemen of the Navy proper I may not speak, for one ought not to speak when he has no right to censure, and they will be appropriately mentioned in the report of Commodore Stringham.

(Signed,) B. F. BUTLER.

[ANOTHER DESPATCH—SPECIAL.]

IMPORTANT WAR NEWS FROM COAST OF NORTH CAROLINA.

The Federal Fleet Attacking Two Sand Batteries—Their Capturing Six Hundred Prisoners, &c.

WASHINGTON, September 1.—Secretary Chase has just issued the following patriotic appeal to the citizens of the United States, in behalf of the National Loan:

Your National Government, compelled by a gulf conspiracy, culminating in causeless insurrection, is engaged in war for the security of Liberty, for the Supremacy of Law, for the defence of Union, and for the maintenance of Popular Institutions. For means to defray the necessary expenses of this war, your Congress has directed that an Appeal be made to you, by opening a subscription to a National Loan of One Hundred and Fifty Millions of Dollars.

Already the enlightened and patriotic capitalists of the great cities of New York, Boston and Philadelphia have manifested their clear sense both of duty and interest, by the subscription of fifty millions of dollars.

The Act of Congress under which this subscription was received wisely provides, however, that the advantages as well as the patriotic satisfaction of participation in this loan shall be offered, not to the capitalists of the great cities only, but to the people of the whole country.

In order to secure a substantial reward for their public spirit to those whose patriotism prompts them, in this hour of trial, to place their means at the disposal of the Government, Congress has directed that an interest of seven and three-tenths per centum be paid on the several amounts subscribed; an interest not liable to State taxation, but constituting for the subscribers a revenue, not only certain in receipt, but greater in amount than can be expected from any ordinary investment.

And, in order to afford to all citizens equal opportunities of participation in these advantages, Congress has further directed that subscriptions be received for sums as small as fifty dollars, as well as for larger amounts; and that, should the subscriptions exceed the whole sum desired, the smaller be preferred in the distribution.

Each subscriber, on payment of his subscription, will be entitled to receive Treasury notes of equal amount in such denominations as he may prefer, whether of fifty, one hundred, five hundred, one thousand, or five thousand dollars.

The interest, at 7 3-10 per annum will be, on the notes of fifty dollars, one cent; on one hundred dollars, two cents; on five hundred dollars, ten cents; on one thousand dollars, twenty cents; and on five thousand dollars, one dollar each day.

All Treasury notes issued will bear date on the 19th of August, 1861, and will carry interest from that date. Each note will have coupons attached, expressing the several amounts of semi-annual interest, which coupons may be detached from the note and presented for payment separately.

Each subscriber may pay the whole amount subscribed at the time of subscription, or, if he prefers to do so, may pay one-tenth at that time and one-third every twentieth day thereafter. At each payment the accrued interest on the amount from the 19th of August to the day of payment must also be paid, and the amounts of interest thus paid will be reimbursed in the payment of the first coupon.

In order to secure beyond peradventure the punctual payment of interest and the gradual reduction of the principal, Congress has provided by law for an annual revenue amply sufficient not only for these purposes, but for the prompt payment of all demands on account of ordinary expenditures.

It will be seen at a glance, that not only is the whole property of the country pledged for the interest and final reimbursement of this loan, but that an adequate specific proportion of the annual production is set apart, by taxation, for the redemption of this pledge. Prompt payment, beyond contingency, is thus ensured.

Nor can this taxation be thought great, when compared with the magnitude of the objects of the contest, or with the amount of property and production.

The objects are Union, popular government, permanent peace, security at home, respect abroad; all imperiled by unprovoked rebellion. The intelligence of the people comprehends at once their magnitude. They rise above party. They belong to no Administration. They concern the whole country, during all time, under every administration, and in every relation, foreign or domestic.

And the means for the attainment of these great objects can be readily supplied from the property and production of the country. The real and personal values in the United States reach the vast aggregate of sixteen thousand millions of dollars; and in the States now loyal to the Union this aggregate is eleven thousand millions.

The yearly surplus earnings of the loyal people are estimated, by intelligent persons conversant with such investigations, at more than four hundred millions of dollars; while the well-considered judgments of military men of the highest rank and capacity, warrant a confident expectation that the war, prosecuted with energy, courage and skill, may be brought to a termination before the close of the next spring; in which event the cost, beyond the revenue, will hardly exceed the amount of the two hundred and fifty millions loan authorized by Congress. With due economy in all branches of the public service, the total expenditures for all objects, military, naval and civil, in this year of war, need not exceed the ordinary expenditures of Great Britain or France in years of peace.

And is it unreasonable to hope that the auspicious result of peace may be hastened by the reflections of the citizens of the States in insurrection? That they will review their action; weigh their own welfare; consider the disposition of the people of the whole country to recognise all their constitutional rights and to allow them their full share in the benefits of the common Government, and renew their allegiance to the Union, which, in an evil hour, they have been tempted to throw off? Will not reason resume her sway? Will not the Government of the Union has been constrained, is not a war for their subjugation, but a war for National existence, and that an auspicious result to the Union will benefit as largely the States in insurrection as the States which have remained loyal?

However this may be, the duty of the National Government, as the constitutionally constituted agent of the people, admits of no question. The war, made necessary by insurrection, and reluctantly accepted by the Government, must be prosecuted with all possible vigor until the restoration of the just authority of the Union shall insure permanent peace.

The same good Providence which conducted our fathers through the difficulties and dangers which beset their path, to the Union, has thus far graciously strengthened our hands for the work of its preservation.

The crops of the year are ample. Granaries and barns are everywhere full. The capitalists of the country come cheerfully forward to sustain the credit of the Government. And, as a pledge in advance of this appeal, men of all occupations seek to share the honors and the advantages of the loan. Never, except because of the temporary depression caused by the rebellion and the derangement of business occasioned by it, were the people of the United States in a better condition to sustain a great contest than now.

Under these favoring circumstances and for these grand objects, I shall, in pursuance of the act of Congress, cause books of subscription to be opened at the places indicated in the Union cities and principal towns of the United States, in order that all citizens who desire to subscribe to the loan may have the opportunity of doing so. Meanwhile those who prefer that course may remit any sum which they may wish to invest in this loan to the Treasurer of the United States at Washington, or to either of the Assistant Treasurers at Boston, New York, Philadelphia, or St. Louis, or to the Depository at Cincinnati, whose certificates will entitle the holders to Treasury notes on the terms aforesaid. The patriotic people, I trust, it is not to be doubted, will promptly respond to the liberal wisdom of their representatives.

S. P. CHASE,
Secretary of the Treasury.

FROM MISSOURI.

Proclamation of Government—Martial Law Proclaimed throughout the State of Missouri—Rigorous Measures Adopted.

ST. LOUIS, August 31.—The following proclamation has been issued by General Fremont:

HEADQUARTERS WESTERN DEPARTMENT,
ST. LOUIS, August 30.

Circumstances, in my judgment, of sufficient urgency, render it necessary that the Commanding General of this Department should assume the administration of the State. Its disorganized condition—the helplessness of the civil authority—the total insecurity of life, and the devastation of property by bands of murderers and marauders, who infest nearly every country in the State, and wait for no other pretext than the weakness and the security of a hostile force to gratify private and neighborhood vengeance, and who *find an enemy whenever they find plunder*, finally demand the severest measures to repress the daily increasing crimes and outrages which are driving off the inhabitants and ruining the State. In this condition the public safety and the success of our arms require unity of purpose without let or hindrance to the prompt administration of affairs.

In order, therefore, to suppress disorders and maintain as far as is now practicable the public peace, and to give security and protection to the persons and property of loyal citizens, I do hereby extend and declare established *martial law* throughout the State of Missouri.

The lines of the army of occupation in this State are for the present declared to extend from Leavenworth City, through Jefferson City, Rolla and Ironton to Cape Girardeau on the Mississippi river. All persons who shall be taken with arms in their hands within these lines shall be tried by court-martial and if found guilty will be shot.

The property, real and personal, of all persons in the State of Missouri who shall take up arms against the United States, or who shall be directly proven to have taken active part with their enemies in the field, is declared to be confiscated to the public use, and their slaves, if they have any, are hereby declared freemen.

Later.

ST. LOUIS, August 31.—The Provost Marshal has issued peremptory orders forbidding any person passing beyond the limits of the county, without a special permit. Railroad, steamboat, ferry and other agents, are prohibited from selling tickets to any one not holding a pass from the Marshal. This order is aimed especially to reach parties leaving the city for the purpose of communicating information to the enemy.

$100,000 Seized by the Secessionists.

FAYETTE, August 29.—Apprehensions being felt that the branch of the State Bank at this place would be robbed, the cashier yesterday sent the specie, amounting to about $100,000, to the Allen depot, on the Pacific Missouri Railroad, for transportation to St. Louis.

On reaching Allen depot, the money was seized by a party of secessionists, headed by Capt. Poindexter, and carried off.

Whether it will be recovered or not is undetermined, some saying that Poindexter has been induced to return it to the bank, while others assert that he will attempt to cross the Missouri river, and carry it to General Price's army in the Southwest.

Affairs in Missouri.

ST. LOUIS, August 31.—The correspondent of the St. Louis *Democrat* furnishes the following items:

Parties from Springfield report that a skirmish had taken place in Johnson county, east of Pettis Scott, between Col. Montgomery, of the Kansas forces, and the Confederate troops under General Rains. Reinforcements had been sent to General Rains from Springfield.

Six thousand Confederates were said to be encamped at Pond Spring, and another encampment of over 5,000 men was at a spring south of the Fayetteville road. Gen. McBride, with 1,000 men, passed through Dade county last week in a northwest direction, and 1,000 men were at Dry Lead.

Correspondence of the Associated Press.

FROM FORTRESS MONROE.

FORTRESS MONROE, August 30.—The gun-boat Iroquois returned to the blockading squadron off Savannah last evening. She reports having heard heavy cannonading when off Hatteras Inlet, and also spoke a brig which had met the Federal fleet. We have no other intelligence of the expedition.

One of the secession prisoners retained for some days at Old Point boastfully expressed the opinion that the Federal fleet would all be blown up by submarine batteries which Lieut. Maury has placed, according to his account, in Hatteras and other assailable points on the Carolina coast.

Since the quarrel between the Alabama and Virginia secession troops at Yorktown, which resulted in killing eight men, the Virginia regiments have been transferred to Norfolk. The Alabamians, it appears, accused the Virginians of cowardice.

This morning a small secession tug-boat, mounted with a rifled cannon, ran out from Norfolk to within two miles and a half of Newport News and fired twenty three shells at the United States frigate Savannah, three of which took effect, one damaging her mainmast. No person was injured however. The tug was in range of but two of the Savannah's guns and the Sawyer rifled cannon on shore. When they were brought down to bear upon her she ran down toward Old Point and fired two shells, one of which exploded near the Seminole, and the other close to the Rip Raps. The fire was quickly returned, whereupon she retreated behind Sewell's Point.

Interesting from Louisville.

LOUISVILLE, August 30.—Ex-President Pierce arrived here to-day from the Northwest.

The Frankfort *Commonwealth* says the Commissioners from Gov. Magoffin, recently returned from Washington, have delivered sealed packages to the Governor, and it is understood that the President expresses a willingness to sign the bill to muzzle the Kentucky Legislature, which has just been chosen from the people, and is disposed to accord with their wishes.

Ex-Minister Preston, in addressing an assemblage at a pic nic party at Lexington, Ky., favored neutrality and peace for Kentucky; but he did not believe she could preserve either, and if not, was of opinion that the sooner she went with the South the better.

It is reported that Hobleitzer, formerly an express agent, who was arrested at Elizabethtown yesterday, was taken on the cars towards Camp Boone to-day, and jumped from them while in motion and ran to the woods. Several shots were fired at him, but he escaped unharmed.

Sidney Johnson was at Mesilla, on the 3d inst., at the head of five hundred Texans, and in pursuit of Col. Moore.

From Gen. Rosecrans' Column—The Affair at Cross Lanes.

CINCINNATI, August 31.—A special despatch to the Cincinnati *Gazette*, from Clarksburg, Va., says that the official advices show that the affair at Cross Lanes was a mere skirmish—Col. Tyler, with one division of his regiment, was surprised by a strong Confederate force and felt back under orders.

The enemy had got between him and his other division. Both divisions escaped with a loss of fifteen reported killed.

A picket skirmish occurred ten miles below Huttonsville yesterday. The Confederates retreated with a loss of five killed. One Federal soldier was also killed.

Reception of the Remains of Gen. Lyon at Philadelphia.

PHILADELPHIA, August 31.—The remains of Gen. Lyon passed through this city at 8 o'clock this morning, escorted by the military to the Trenton Railroad depot. There was a large and imposing turnout, and the flags throughout the city were placed at half-mast in respect to the dead.

[Mail Correspondence of the Associated Press.]

From the Upper Potomac

PLEASANT HILL,
Montgomery County, Aug. 31.

Advices from Martinsburg to-day, state that the Hon. Edmund J. Pendleton, of Berkley county, Va., had been captured by the Confederates. Mr. Pendleton was one of the most prominent Union men in that county.

Everything is reported quiet along the Potomac, between the mouths of the Senaca and Monocacy rivers this morning.

Grand Lodge of the United States, I. O. O. F.

PHILADELPHIA, August 31.—A meeting of the officers of the Grand Lodge, Grand Encampment of Pennsylvania, Order of Odd Fellows, was held yesterday, when it was resolved that the Grand Representatives be directed to attend the session of the Grand Lodge of the United States at Baltimore, on the 16th of September.

Fire at Bishop Hill, Illinois.

CHICAGO, August 31.—A fire occurred yesterday at Bishop Hill, in this State, which destroyed several Corn houses and their machinery with a large amount of broom corn together with several thousand feet of lumber belonging to the Bishop Hill colony. Loss $3000—no insurance.

Tour of Prince Napoleon.

MILWAUKEE, August 31.—Prince Napoleon and suite arrived here from Lake Superior last night and took the nine o'clock train for Prairie Du Chien this morning. The distinguished party were all in fine spirits.

Earthquake at Cincinnati.

CINCINNATI, Aug 31.—A severe shock of earthquake was felt in this city and vicinity at 5 o'clock this morning, arousing people from their sleep.

IMPORTANT DOCUMENT.

The Nelson Arrest—His Treatment by the Confederates—A Letter to the President—Davis' Reply—Nelson Advises the Union Men to Submit.

The Knoxville *Whig*, of the 24th, contains the promised address of Hon. Thomas A. R. Nelson to the people of East Tennessee. It occupies two columns of the *Whig*. After stating the causes which led to his flight, the mode of his arrest, the treatment of his Unionism, with which the reader is already familiar, he says:

While on the way to Richm