Why you need to apply early and to several programs:

(these are actual cases)

One student was rejected because her printed-out application portfolio was "accidentally placed on the wrong pile." The graduate school discovered its mistake later in the season, but had already sent the student a rejection notice. Rather than admit what had happened, they let the decision stand.
A student applying for a PhD in philosophy received a letter from a major university rejecting his application for a PhD in Germanic languages.
A student was rejected by an internationally acclaimed architecture program after his portfolio was reviewed by Prof. X. When he called to inquire about the status of his application, Prof. Y picked up his portfolio, glanced through it while the student was on hold, and reversed the decision of Prof X. Thus was he admitted.
One professor forgot to submit a wonderful letter of recommendation he had written for his favorite advisee, and she was rejected.
Another professor was not granted tenure, and stopped performing all duties whatsoever that were not contractually required. This included writing letters of recommendation <i>that he had already agreed to write</i> . At least one of his advisees was not admitted to a graduate program because of this. The student never knew what happened.
A student failed to send original transcripts from a community college she attended while in high school. The transfer grades from the community college appeared on her regular college transcript but—through a bizarre chain of events—an overzealous student employee and a 50 cent library fine from six years prior conspired to keep her out of graduate school.
A student had a wonderful exchange of emails with a department chair, some of which included such statements as "We're so delighted that you will be joining us next year." Nevertheless, she was rejected by the graduate school office, which had more authority than the department.