When the flood was nearing its height, and as residents along the Skagit were beginning to get worried over its steady rise, someone started a rumor in regard to the stability of the Diablo dam. In Burlington, Mount Vernon, and other communities in that vicinity, the report was that the dam had cracked and that all the water would have to be let out at once, and for all to prepare accordingly. This report was also received here, but given no credence, but it was believed along the lower river.

At Lyman and Birdsvieu this rumor was first heard, then later a report that the dam had broken, and for all to flee for their lives. At Lyman the fire siren was blown, and every resident of the community took to the hills with such valuables as could be easily carried. That no one was injured in the excitement is considered a miracle. Birdsvieu also received a similar report, but took it more coolly, the residents figuring they had plenty of time to reach high ground, but nearly all moved out. It is reported that many residents of Burlington and Mount Vernon also moved to high ground on the strength of these rumors. The source of the story cannot be definitely traced but it seems to have started at Burlington and worked its way up the valley. Hamilton missed much of the excitement, and the upriver communities failed to get this story, as telephone lines were out.